



**BEAUMONT CHERRY VALLEY WATER DISTRICT
AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, July 8, 2009 at 7:00 PM
560 Magnolia Avenue, Beaumont, CA 92223**

CALL TO ORDER, PRESIDENT BALL

PLEDGE OF ALLEGIANCE, DIRECTOR MAGEE

INVOCATION, DIRECTOR WOLL

ROLL CALL, BLANCA MARIN

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.

ACTION ITEMS

1. ADOPTION OF THE AGENDA

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

2. FINANCIAL REPORTS

- a. Bills for Consideration**

Board Action

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

- b. Invoices for Payment Approval**

Board Action

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

c. Month End Financial Statements**
June 2009

Board Action

The Board will take action to "accept and file" the Month End Financial Statements presented by staff.

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

d. Midyear Budget Report**

Board Action

The Board will take action to "accept and file" the Midyear Budget Report presented by staff.

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

3. APPROVAL OF THE MINUTES

a. Minutes of the Regular Meeting of June 10, 2009**

ROSS	M	S	A	N
PARKS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N
MAGEE	M	S	A	N

4. ACCEPT AND FILE 2008 AUDIT INCLUDING ITS ACCOMPANIED REPORTS**

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

5. CLOSED SESSION CONDERENCE WITH LEGAL COUNSEL- ONE MATTER

A Closed Session will be held to confer with legal counsel on a matter of potential litigation pursuant to subdivision (c) of Government Code Section 54956.9 –ONE MATTER - Potential Litigation

6. OPEN SESSION – REPORT ON CLOSED SESSION

7. APPROVAL OF PROJECT FINANCE AGREEMENT STATE REVOLVING FUND PROJECT NO 08-853-550**

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

8. APPROVAL TO ADVERTISE FOR BIDS FOR RECYCLED WATER PROJECTS PHASE 1 AND 2**

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

9. REPORTS FOR DISCUSSION AND POSSIBLE ACTION

(a) Ad hoc Committees

(b) General Manager

- Rate Study Proposals
- Training & Risk Assessment **
- Financial Consultant Request for Proposal
- Water Use Efficiency Ordinance/Memorandum from Director Magee**
- Noble Creek Artificial Recharge Facility-Ground Water Monitoring Report**
- BCVWD Water Supply Current and Projected After 2014**

(c) Directors

- Dr. Blair Ball
- Stella Parks
- Ken Ross
- Ryan Woll
- Niki Magee

(d) Legal Counsel

10. ANNOUNCEMENTS

- Regular Board Meeting, August 12, 2009 at 7:00 p.m.

ACTION LIST

11. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL- (TWO MATTERS)

A Closed Session will be held to confer with legal counsel on two matters of potential litigation pursuant to subdivision (b) of Government Code section 54956.9-TWO MATTERS-Potential Litigation

12. OPEN SESSION- REPORT ON CLOSED SESSION

13. ADJOURNMENT

MAGEE	M	S	A	N
PARKS	M	S	A	N
ROSS	M	S	A	N
WOLL	M	S	A	N
BALL	M	S	A	N

** Information included in the agenda packet

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.

BEAUMONT-CHERRY VALLEY WATER DISTRICT
Check Register-Summary-Bank



AP5090

Page : 1

Date : Jun 30, 2009

Time : 4:10 pm

Vendor : A&A FENCE To ZETLMAIER
 Cheque Dt. : 01-Jun-2009 To 30-Jun-2009
 Bank : 1 - GENERAL CHECKING

Seq : Cheque No. Status : All
 Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
38944	04-Jun-2009	ADVANTAGES	ADVANTAGE SEPTIC SYSTEMS	Issued	250	C	115.00
38945	04-Jun-2009	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	250	C	36.97
38946	04-Jun-2009	B76	BEAUMONT 76	Issued	250	C	159.31
38947	04-Jun-2009	BASICCHEMI	BASIC CHEMICAL SOLUTIONS LLC	Issued	250	C	1,365.63
38948	04-Jun-2009	BYRDINDELE	BYRD INC ELECTRONICS	Issued	250	C	448.05
38949	04-Jun-2009	CADETUNIFO	CADET UNIFORM SERVICE	Issued	250	C	67.92
38950	04-Jun-2009	CLASEN, HO	HOWARD CLASEN	Issued	250	C	6,800.00
38951	04-Jun-2009	CLEANBYDES	CLEAN BY DESIGN INC.	Issued	250	C	1,110.00
38952	04-Jun-2009	CONTROLVAL	CONTROL VALVE SYSTEMS INC	Issued	250	C	1,261.88
38953	04-Jun-2009	CVAUTO	CHERRY VALLEY AUTOMOTIVE	Issued	250	C	1,217.32
38954	04-Jun-2009	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	250	C	12,299.56
38955	04-Jun-2009	ESBABCOCK	ES BABCOCK	Issued	250	C	490.00
38956	04-Jun-2009	FREEMANOFF	FREEMAN OFFICE PRODUCTS	Issued	250	C	78.17
38957	04-Jun-2009	HEMETOIL	HEMET OIL CO	Issued	250	C	1,104.46
38958	04-Jun-2009	HIGHLANDSP	HIGHLAND SPRINGS EXPRESS LUBE	Issued	250	C	36.93
38959	04-Jun-2009	INLANDWATE	INLAND WATER WORKS	Issued	250	C	1,588.99
38960	04-Jun-2009	JOHNSONMAC	JOHNSON MACHINERY	Issued	250	C	971.31
38961	04-Jun-2009	METROCALL	USA MOBILITY WIRELESS INC.	Issued	250	C	24.57
38962	04-Jun-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	250	C	368.00
38963	04-Jun-2009	ROSSK000	ROSS, KEN	Issued	250	C	800.00
38964	04-Jun-2009	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	250	C	539.17
38965	04-Jun-2009	STELLAPARK	PARKS, STELLA	Issued	250	C	600.00
38966	04-Jun-2009	STMP000713	EARTH BASICS CONTRACTING	Issued	250	C	203.49
38967	04-Jun-2009	STMP000714	BIRCHARD, SUZANNE	Issued	250	C	72.44
38968	04-Jun-2009	STMP000715	MAGANDA, EDELMIRA	Issued	250	C	8.46
38969	08-Jun-2009	BUTCCOO1	BUTCHER, CHARLES	Issued	252	C	140,000.00
38970	11-Jun-2009	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	258	C	179.17
38971	11-Jun-2009	ARCO	ARCO GASPRO PLUS	Issued	258	C	3,832.38
38972	11-Jun-2009	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	258	C	27.83
38973	11-Jun-2009	CACHAMBER	CALIFORNIA CHAMBER OF COMMERCE	Issued	258	C	369.00
38974	11-Jun-2009	DAVINCI	DA VINCI PRINTING & BLUEPRINTS	Issued	258	C	166.01
38975	11-Jun-2009	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	258	C	96,551.19
38976	11-Jun-2009	ESBABCOCK	ES BABCOCK	Issued	258	C	494.00
38977	11-Jun-2009	FEDEX	FEDEX	Issued	258	C	20.92
38978	11-Jun-2009	FREEMANOFF	FREEMAN OFFICE PRODUCTS	Issued	258	C	730.77
38979	11-Jun-2009	GASSCO	GAS ARC STEEL SUPPLY CO	Issued	258	C	30.61
38980	11-Jun-2009	GEOSCIENCE	GEOSCIENCE	Issued	258	C	3,129.00
38981	11-Jun-2009	HIGHLANDSP	HIGHLAND SPRINGS EXPRESS LUBE	Issued	258	C	82.37
38982	11-Jun-2009	HOMEDEPOT	HOME DEPOT CREDIT SERVICES	Issued	258	C	1,552.50
38983	11-Jun-2009	INLANDWATE	INLAND WATER WORKS	Issued	258	C	9,752.61
38984	11-Jun-2009	INLANDWATE	INLAND WATER WORKS	Issued	258	C	1,461.42
38985	11-Jun-2009	MCCROMETEI	MCCROMETER	Issued	258	C	246.65
38986	11-Jun-2009	NAPAAUTOPA	NAPA AUTO PARTS	Issued	258	C	44.02
38987	11-Jun-2009	OCBREPROGF	OCB REPROGRAPHICS	Issued	258	C	584.53
38988	11-Jun-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	258	C	96.00
38989	11-Jun-2009	PURCHASEPC	PITNEY BOWES PURCHASE POWER	Issued	258	C	2,404.00
38990	11-Jun-2009	SAFEGUARD	SAFEGUARD	Issued	258	C	1,405.55
38991	11-Jun-2009	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	258	C	318.46
38992	11-Jun-2009	STMP000716	ARRIAZA, ALLAN	Issued	258	C	28.70
38993	11-Jun-2009	TALLEY	TALLEY	Issued	258	C	150.80
38994	11-Jun-2009	VERIZON	VERIZON	Issued	258	C	101.43
38995	11-Jun-2009	WOLLR000	WOLL, RYAN	Issued	258	C	400.00
38996	12-Jun-2009	BCVWD	BEAUMONT CHERRY VALLEY WATER DISTR	Issued	260	C	300.00
38997	18-Jun-2009	ACPROPANE	AC PROPANE	Issued	262	C	701.18
38998	18-Jun-2009	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	262	C	173.72
38999	18-Jun-2009	AQMD	AQMD	Issued	262	C	293.80

BEAUMONT-CHERRY VALLEY WATER DISTRICT
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AP5090

Page : 2

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Seq : Cheque No. **Status :** All
Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
39000	18-Jun-2009	ARAMARK	ARAMARK	Issued	262	C	76.53
39001	18-Jun-2009	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	262	C	89.14
39002	18-Jun-2009	B76	BEAUMONT 76	Issued	262	C	108.71
39003	18-Jun-2009	BYRDINDELE	BYRD INC ELECTRONICS	Issued	262	C	626.24
39004	18-Jun-2009	CADETUNIFO	CADET UNIFORM SERVICE	Issued	262	C	67.92
39005	18-Jun-2009	CALTOOL	CALIFORNIA TOOL & WELDING	Issued	262	C	46.80
39006	18-Jun-2009	COFRIVASSE	COUNTY OF RIVERSIDE ASSESSOR COUNT	Issued	262	C	12.00
39007	18-Jun-2009	CONTROLVAL	CONTROL VALVE SYSTEMS INC	Issued	262	C	1,677.85
39008	18-Jun-2009	DAVIDCROWT	DAVID CROW TERMITE CONTROL	Issued	262	C	250.00
39009	18-Jun-2009	ESBABCOCK	ES BABCOCK	Issued	262	C	503.00
39010	18-Jun-2009	HUDECS	HUDECS COMPUTER CONSULTING	Issued	262	C	2,261.50
39011	18-Jun-2009	JOHNSONMAC	JOHNSON MACHINERY	Issued	262	C	58.39
39012	18-Jun-2009	MAGEENIKI	MAGEE, NIKI	Issued	262	C	200.00
39013	18-Jun-2009	MIKEMCGEOF	MIKE MCGEORGE GOPHER CONTROL	Issued	262	C	250.00
39014	18-Jun-2009	NAPAAUTOPA	NAPA AUTO PARTS	Issued	262	C	103.85
39015	18-Jun-2009	PACIFICALA	PACIFIC ALARM	Issued	262	C	138.50
39016	18-Jun-2009	PRESSETER	PRESS ENTERPRISE	Issued	262	C	683.20
39017	18-Jun-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	262	C	368.00
39018	18-Jun-2009	RAINFORREN	RAIN FOR RENT	Issued	262	C	2,147.09
39019	18-Jun-2009	ROSSK000	ROSS, KEN	Issued	262	C	800.00
39020	18-Jun-2009	SOUTHMESA	SOUTH MESA WATER COMPANY	Issued	262	C	50,000.00
39021	18-Jun-2009	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	262	C	250.19
39022	18-Jun-2009	STMP000717	PATEL, ASHISH R.	Issued	262	C	6.67
39023	18-Jun-2009	TERMINIX	TERMINIX	Issued	262	C	184.00
39024	18-Jun-2009	TIMEWARNER	TIME WARNER CABLE	Issued	262	C	388.89
39025	18-Jun-2009	TOMLARA	TOM LARA	Issued	262	C	3,950.00
39026	18-Jun-2009	UNDERGROU	UNDERGROUND SERVICE ALERT	Issued	262	C	210.00
39027	18-Jun-2009	VERIZON	VERIZON	Issued	262	C	54.13
39028	18-Jun-2009	VERIZON	VERIZON	Issued	262	C	548.56
39029	18-Jun-2009	VERIZON	VERIZON	Issued	262	C	532.24
39030	18-Jun-2009	WASTEMANA	WASTE MANAGEMENT	Issued	262	C	35.13
39031	18-Jun-2009	WASTEMANA	WASTE MANAGEMENT	Issued	262	C	244.37
39032	18-Jun-2009	WASTEMANA	WASTE MANAGEMENT	Issued	262	C	122.47
39033	18-Jun-2009	WELLSFARG	WELLS FARGO REMITTANCE CENTER	Issued	262	C	334.73
39034	18-Jun-2009	WOLLR000	WOLL, RYAN	Issued	262	C	200.00
39035	18-Jun-2009	XEROX	XEROX CORPORATION	Issued	262	C	1,376.33
39036	25-Jun-2009	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	279	C	169.70
39037	25-Jun-2009	AQMD	AQMD	Issued	279	C	440.70
39038	25-Jun-2009	ARAMARK	ARAMARK	Issued	279	C	25.00
39039	25-Jun-2009	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	279	C	168.71
39040	25-Jun-2009	BASICCHEM	BASIC CHEMICAL SOLUTIONS LLC	Issued	279	C	4,544.73
39041	25-Jun-2009	BRINKS INC	BRINK'S INC	Issued	279	C	394.29
39042	25-Jun-2009	CLEANBYDES	CLEAN BY DESIGN INC.	Issued	279	C	1,110.00
39043	25-Jun-2009	CONTROLVAL	CONTROL VALVE SYSTEMS INC	Issued	279	C	456.44
39044	25-Jun-2009	CROWLEYCO	CROWLEY COMPANY INC.	Issued	279	C	897.68
39045	25-Jun-2009	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	279	C	30,719.49
39046	25-Jun-2009	ESBABCOCK	ES BABCOCK	Issued	279	C	350.00
39047	25-Jun-2009	G&BFIBERGL	G AND B FIBERGLASS PRODUCTS INC	Issued	279	C	1,070.11
39048	25-Jun-2009	GASCO	THE GAS COMPANY	Issued	279	C	10.25
39049	25-Jun-2009	GASSCO	GAS ARC STEEL SUPPLY CO	Issued	279	C	45.00
39050	25-Jun-2009	HIGHLANDSP	HIGHLAND SPRINGS EXPRESS LUBE	Issued	279	C	702.65
39051	25-Jun-2009	INLANDWATE	INLAND WATER WORKS	Issued	279	C	2,464.34
39052	25-Jun-2009	MACROCOMM	MACRO COMMUNICATIONS	Issued	279	C	300.00
39053	25-Jun-2009	METROCALL	USA MOBILITY WIRELESS INC.	Issued	279	C	24.57
39054	25-Jun-2009	NINOS	NINO'S	Issued	279	C	3,120.86
39055	25-Jun-2009	PATSPOTS	PAT'S POTS	Issued	279	C	310.00

BEAUMONT-CHERRY VALLEY WATER DISTRICT
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 Bank : 1 - GENERAL CHECKING

Seq : Cheque No. Status : All
 Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
39056	25-Jun-2009	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	279	C	96.00
39057	25-Jun-2009	SGPWA	SAN GORGONIO PASS WATER AGENCY	Issued	279	C	55,954.00
39058	25-Jun-2009	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	279	C	183.23
39059	25-Jun-2009	STELLAPARK	PARKS, STELLA	Issued	279	C	600.00
39060	25-Jun-2009	STMP000718	JAMES MCMINN INC	Issued	279	C	498.06
39061	25-Jun-2009	STMP000719	TC CONSTRUCTION c/o PEDRO C. PILAR	Issued	279	C	513.41
39062	25-Jun-2009	STMP000720	CENTEX HOMES INLAND EMPIRE DIVISION	Issued	279	C	630.81
39063	25-Jun-2009	STMP000721	J.F. SHEA CONSTRUCTION	Issued	279	C	650.65
39064	25-Jun-2009	STMP000722	FREY, RICK	Issued	279	C	694.60
39065	25-Jun-2009	STMP000723	BEN'S ASPHALT	Issued	279	C	620.81
39066	25-Jun-2009	STMP000725	PEOPLES, NANCY & SAMUEL	Issued	279	C	82.67
39067	25-Jun-2009	STMP000726	SHORT, SHANNON R & DONALD	Issued	279	C	118.01
39068	25-Jun-2009	STMP000727	MALDONADO, MIKE	Issued	279	C	182.48
39069	25-Jun-2009	STMP000728	DEAN BUZOFF	Issued	279	C	32.52
39070	25-Jun-2009	TECHN000	TECHNIQUE DATA SYSTEMS	Issued	279	C	632.50
39071	25-Jun-2009	TERMINIX	TERMINIX	Issued	279	C	49.00
39072	25-Jun-2009	USABLUEBOC	USA BLUE BOOK	Issued	279	C	167.54
39073	25-Jun-2009	USPOSTAL	US POSTAL SERVICE	Issued	279	C	320.00
39074	25-Jun-2009	VERIZON	VERIZON	Issued	279	C	614.08
39075	25-Jun-2009	VERIZON	VERIZON	Issued	279	C	192.75
39076	25-Jun-2009	VERIZONWIR	VERIZON WIRELESS	Issued	279	C	871.29
39077	25-Jun-2009	STMP000724	SOLIS, MARIA	Issued	280	C	233.25
39078	26-Jun-2009	BIGTIMEDES	BIG TIME DESIGN	Issued	282	C	1,566.20

Total Computer Paid :	479,131.06	Total EFT PAP :	0.00	Total Paid :	479,131.06
Total Manually Paid :	0.00	Total EFT File :	0.00		

135 Total No. Of Cheque(s) ...


Memorandum

Date: July 8, 2009
From: Anthony Lara, Interim General Manager
To: Board of Directors
Subject: Invoices Pending Payment

Below please find a list of the professional services invoices which are pending approval for payment. Total amount pending approval is \$55, 443.63

Reid & Hellyer	\$412.50
Geoscience	\$4,922.00
Parsons Engineering	\$35,292.43
Redwine & Sherrill	\$14,816.70
Total	<hr/> \$55,443.63

MEMORANDUM

TO: FINANCE & AUDIT COMMITTEE
FROM: JULIE J. SALINAS, BUSINESS MANAGER 
SUBJECT: MONTH END FINANCIAL REPORTS
DATE: 7/2/2009
CC: ANTHONY L. LARA, ASST. G.M.

Summary (as requested by Director Ross):

Operating Revenues:	
Water Sales:	979,317.94
Service Connections:	13,400.00
Other:	30,370.37
District Housing:	400.00
Total Revenues:	1,023,488.31
Operating Expenses:	
Labor:	227,571.21
Benefits:	70,748.02
Source of Supply:	268,831.92
Transmission & Distribution:	5,871.49
General & Administrative:	19,403.81
General Plant & Maintenance:	27,618.50
Professional Services:	38,538.71
Total Operating Expenses:	658,583.66
Surplus/(Deficit)	364,904.65

Non-Operating Revenues:	
Facility Fees	151,788.14
Interest Income:	0.00
Total Non-Operating Revenues:	151,788.14
Non-Operating Expenses:	
Capital Improvement Projects:	10,101.08
Total Non-Operating Expenses:	10,101.08

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



**GL5410
Date: Jul 01, 2009
Page: 1**

For Period Ending 30-Jun-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
Revenue					
OPERATING REVENUE					
1-4-4010-401 Domestic Water Sales	694,538	2,645,968	6,325,918	3,679,950	42%
1-4-4010-402 Irrigation Water Sales	-	11,141	30,000	18,859	37%
1-4-4010-403 Construction Water Sales	16,928	72,802	109,000	36,198	67%
1-4-4010-404 Installation Charges	13,400	202,989	280,251	77,262	72%
1-4-4010-407 Reimb. Cust. Damages/Upgrades	11,475	16,889	34,752	17,863	49%
1-4-4010-408 Backflow Devices	2,651	10,630	17,522	6,892	61%
1-4-4010-410 Returned Check Fees	180	1,800	6,000	4,200	30%
1-4-4010-411 Miscellaneous Income	14,030	22,887	10,000	(12,887)	229%
1-4-4010-412 Rental Income	100	600	1,200	600	50%
1-4-4010-414 Recharge Income (City Of Banning)	-	32,172	85,000	52,828	38%
1-4-4010-441 Turn Ons	2,320	15,600	47,500	31,900	33%
1-4-4010-442 Third Notice Charge	6,075	38,130	81,000	42,870	47%
1-4-4010-443 Penalties	6,495	42,115	85,000	42,885	50%
1-4-4010-444 Sgpwa Importation Charge	124,450	487,630	749,029	261,399	65%
1-4-4010-445 Sce Power Charge	128,512	495,422	1,101,514	606,092	45%
1-4-4010-446 Bonita Vista Repayment - Interest	1,935	8,034	34,000	25,966	24%
Total OPERATING REVENUE	1,023,088	4,104,809	8,997,686	4,892,877	46%
DISTRICT HOUSING REVENUE					
1-4-4011-412 Rent - 12303 Oak Glen Rd	400	400	-	(400)	
1-4-4012-412 Rent - 13695 Oak Glen Rd	-	-	-	-	
1-4-4013-412 Rent - 13697 Oak Glen Rd	-	-	-	-	
1-4-4014-412 Rent - 9781 Avenida Miravilla	-	-	-	-	
1-4-4015-515 Electric/Propane - 12303 Oak Glen R	-	-	-	-	
1-4-4016-515 Electric/Propane - 13695 Oak Glen R	-	-	-	-	
1-4-4017-515 Electric/Propane - 13697 Oak Glen R	-	-	-	-	
1-4-4018-515 Electric/Propane - 9781 Avenida Mira	-	-	-	-	
Total DISTRICT HOUSING REVENUE	400	400	-	(400)	-
Total REVENUE	1,023,488	4,105,209	8,997,686	4,892,477	46%

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



**GL5410
Date: Jul 01, 2009
Page: 2**

For Period Ending 30-Jun-2009

General Funds	Jun-09	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
Expense					
SOURCE OF SUPPLY & WATER TREATMENT					
1-5-5200-237 Health Insurance	3,864	21,225	40,000	18,775	53%
1-5-5200-243 Retirement/Calpers	4,660	31,185	65,000	33,815	48%
1-5-5200-501 Labor	21,120	123,498	230,000	106,502	54%
1-5-5200-502 Bereavement/Seminar/Jury Duty	-	278	1,000	722	28%
1-5-5200-503 Sick Leave	470	17,560	4,000	(13,560)	439%
1-5-5200-504 Vacation	259	1,253	12,750	11,497	10%
1-5-5200-505 Holidays	826	3,999	8,500	4,501	47%
1-5-5200-507 Life Insurance	111	692	1,600	908	43%
1-5-5200-508 Uniforms, Employee Benefits	309	309	1,270	961	24%
1-5-5200-511 Treatment & Chemicals	4,712	63,122	135,000	71,878	47%
1-5-5200-512 Lab Testing	11,666	21,015	95,000	73,985	22%
1-5-5200-513 Maintenance Equipment (Pumping)	7,166	45,484	125,000	79,516	36%
1-5-5200-514 Utilities - Gas	10	50	50	0	99%
1-5-5200-515 Utilities - Electric	137,342	487,506	1,530,000	1,042,494	32%
1-5-5200-517 Telemetry Maintenance	1,982	4,080	6,000	1,920	68%
1-5-5200-518 Seminar & Travel Expenses	-	110	500	390	22%
1-5-5200-519 Education Expenses	-	235	1,000	765	24%
1-5-5200-520 Worker's Compensation	1,610	9,605	22,000	12,395	44%
1-5-5200-620 State Project Water Purchased	55,954	192,907	480,000	287,093	40%
1-5-5200-621 Groundwater Purchase (SMWC)	50,000	292,000	550,000	258,000	53%
Total SOURCE OF SUPPLY & WAT	302,061	1,316,114	3,308,670	1,992,556	40%
TRANSMISSION & DISTRIBUTION					
1-5-5300-237 Health Insurance	8,092	46,021	145,000	98,979	32%
1-5-5300-243 Retirement/Calpers	8,348	50,101	140,000	89,899	36%
1-5-5300-501 Labor	26,698	144,814	465,000	320,186	31%
1-5-5300-502 Bereavement/Seminar/Jury Duty	-	351	6,500	6,149	5%
1-5-5300-503 Sick Leave	1,033	11,207	18,000	6,793	62%
1-5-5300-504 Vacation	2,711	8,082	24,000	15,918	34%
1-5-5300-505 Holidays	1,853	10,106	20,000	9,894	51%
1-5-5300-507 Life Insurance	219	1,187	3,400	2,213	35%

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



**GL5410
Date: Jul 01, 2009
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For Period Ending 30-Jun-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
1-5-5300-508 Uniforms, Employee Benefits	866	1,394	4,430	3,036	31%
1-5-5300-518 Seminar & Travel Expenses	-	-	1,000	1,000	0%
1-5-5300-519 Education Expenses	-	265	2,000	1,735	13%
1-5-5300-520 Worker's Compensation	2,831	14,745	38,000	23,255	39%
1-5-5300-530 Maint Pipeline/Fire Hydrant	1,633	27,662	82,500	54,838	34%
1-5-5300-531 Line Locates	210	1,592	2,000	408	80%
1-5-5300-534 Maint Meters & Services	1,701	24,643	95,000	70,357	26%
1-5-5300-535 Backflow Devices	-	-	750	750	0%
1-5-5300-536 Maintenance Reservoirs/Tanks	-	605	10,000	9,395	6%
1-5-5300-537 Maintenance Pressure Regulators	-	10,794	18,000	7,206	60%
1-5-5300-538 Inspections	2,328	20,273	40,000	19,727	51%
Total TRANSMISSION & DISTRIBUTION	58,523	373,841	1,115,580	741,739	34%
CUSTOMER SERVICE & METER READING					
1-5-5400-237 Health Insurance	2,458	15,053	42,000	26,947	36%
1-5-5400-243 Retirement/Calpers	2,434	14,771	40,000	25,229	37%
1-5-5400-501 Labor	8,291	47,165	95,000	47,835	50%
1-5-5400-502 Bereavement/Seminar/Jury Duty	-	45	500	455	9%
1-5-5400-503 Sick Leave	362	2,716	2,000	(716)	136%
1-5-5400-504 Vacation	22	2,747	5,850	3,103	47%
1-5-5400-505 Holidays	539	3,010	5,500	2,490	55%
1-5-5400-507 Life Insurance	61	345	900	555	38%
1-5-5400-508 Uniforms, Employee Benefits	392	392	890	498	44%
1-5-5400-519 Education Expenses	-	-	1,000	1,000	0%
1-5-5400-520 Worker's Compensation	811	4,359	8,000	3,641	54%
Total CUSTOMER SERVICE & METER READING	15,369	90,602	201,640	111,038	45%
ADMINISTRATION					
1-5-5500-237 Health Insurance	11,685	70,407	148,500	78,093	47%
1-5-5500-243 Retirement/Calpers	18,280	130,550	275,000	144,450	47%
1-5-5500-501 Labor	142,461	436,806	910,000	473,194	48%
1-5-5500-502 Bereavement/Seminar/Jury Duty	-	-	2,500	2,500	0%
1-5-5500-503 Sick Leave	1,002	85,568	20,000	(65,568)	428%

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



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Date: Jul 01, 2009
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For Period Ending 30-Jun-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
1-5-5500-504 Vacation	11,077	34,702	38,000	3,298	91%
1-5-5500-505 Holidays	2,918	19,447	40,000	20,553	49%
1-5-5500-507 Life Insurance	413	2,591	4,800	2,209	54%
1-5-5500-518 Seminar & Travel Expenses	-	577	6,000	5,423	10%
1-5-5500-519 Education Expenses	-	-	1,000	1,000	0%
1-5-5500-520 Worker's Compensation	1,870	11,709	25,000	13,291	47%
1-5-5500-549 Bank Chgs/Money Market/Trans. Fee	-	8,027	14,600	6,573	55%
1-5-5500-553 Temporary Labor	-	3,638	17,500	13,862	21%
1-5-5500-555 Office Supplies	4,958	22,713	55,000	32,287	41%
1-5-5500-556 Office Equipment/Service Agreement	2,429	33,131	60,000	26,869	55%
1-5-5500-557 Office Maintenance	1,334	7,281	20,000	12,719	36%
1-5-5500-558 Membership Dues	-	1,300	15,000	13,700	9%
1-5-5500-559 Armored Car	394	2,356	5,000	2,644	47%
1-5-5500-560 Office Equip.Maint. & Repairs	-	64	3,200	3,136	2%
1-5-5500-561 Postage	2,404	24,681	40,000	15,319	62%
1-5-5500-562 Subscriptions	-	266	2,850	2,584	9%
1-5-5500-563 Miscellaneous Operating Supplies	1,209	5,207	15,000	9,793	35%
1-5-5500-564 Miscellaneous Tools/Equipment	78	1,495	15,000	13,505	10%
1-5-5500-567 Employee Medical/First Aid	-	129	600	471	22%
1-5-5500-568 Random Drug Testing	-	-	500	500	0%
1-5-5500-570 Property/Auto/Gen Liability Insurance	-	(4,437)	90,000	94,437	-5%
1-5-5500-572 State Mandates And Tarriffs	735	8,099	30,000	21,901	27%
1-5-5500-573 Miscellaneous Expenses	-	435	1,000	565	44%
1-5-5500-574 Public Education	-	8,265	10,000	1,735	83%
1-5-5500-577 Property Taxes - Out Of District Parc	-	6,410	5,000	(1,410)	128%
1-5-5500-578 It Support/Software Support	2,262	36,957	65,000	28,043	57%
1-5-5500-630 Accounts Receivable	1	1,435	1,000	(435)	143%
Total ADMINISTRATION	205,509	959,808	1,937,050	977,242	50%
BOARD OF DIRECTORS					
1-5-5500-550 Board Of Director Fees	3,600	19,200	60,000	40,800	32%
1-5-5500-551 Seminar & Travel Expenses	-	812	3,500	2,688	23%
1-5-5500-552 Election Expenses	-	202	22,575	22,373	1%

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



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For Period Ending 30-Jun-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
Total BOARD OF DIRECTORS	3,600	20,214	86,075	65,861	23%
MAINTENANCE & GENERAL PLANT					
1-5-5610-514 Gas - 560 Magnolia Ave	-	-	150	150	0%
1-5-5610-515 Electric - 560 Magnolia Ave	1,816	8,470	22,000	13,530	39%
1-5-5610-580 Telephone - 560 Magnolia Ave	3,328	18,033	55,000	36,967	33%
1-5-5610-581 Sanitation - 560 Magnolia Ave	158	1,320	2,400	1,080	55%
1-5-5610-582 Maintenance - 560 Magnolia Ave	108	1,361	3,500	2,139	39%
1-5-5615-501 Labor - 12303 Oak Glen Road	-	342	1,000	658	34%
1-5-5615-515 Electric - 12303 Oak Glen Road	271	1,143	1,500	357	76%
1-5-5615-582 Maintenance/Repair - 12303 Oak Gle	-	511	3,000	2,489	17%
1-5-5615-583 Propane - 12303 Oak Glen Road	123	123	1,500	1,377	8%
1-5-5620-501 Labor - 13695 Oak Glen Road	-	-	1,000	1,000	0%
1-5-5620-515 Electric - 13695 Oak Glen Road	-	-	1,000	1,000	0%
1-5-5620-582 Maintenance/Repair - 13695 Oak Gle	181	579	3,000	2,421	19%
1-5-5620-583 Propane - 13695 Oak Glen Road	27	27	1,500	1,473	2%
1-5-5625-501 Labor - 13697 Oak Glen Road	-	-	1,000	1,000	0%
1-5-5625-515 Electric - 13697 Oak Glen Road	49	874	1,500	626	58%
1-5-5625-582 Maintenance/Repair - 13697 Oak Gle	1,182	1,291	3,000	1,709	43%
1-5-5625-583 Propane - 13697 Oak Glen Road	524	1,262	1,500	238	84%
1-5-5630-501 Labor - 9781 Avenida Miravilla	-	-	1,000	1,000	0%
1-5-5630-515 Electric - 9781 Avenida Miravilla	28	275	300	25	92%
1-5-5630-582 Maintenance/Repair - 9781 Avenida I	1,743	1,836	8,000	6,164	23%
1-5-5630-583 Propane - 9781 Avenida Miravilla	27	176	-	(176)	
1-5-5635-515 Electric - 815 E. 12Th Street	528	2,254	9,000	6,746	25%
1-5-5635-580 Telephone - 815 E. 12Th Street	54	247	480	233	51%
1-5-5635-581 Sanitation - 815 E. 12Th Street	244	1,222	3,000	1,778	41%
1-5-5635-582 Maintenance/Repair - 815 E. 12Th St	454	1,743	4,000	2,257	44%
1-5-5640-581 Sanitation - 11083 Cherry Ave	-	1,350	500	(850)	270%
1-5-5700-589 Auto/Fuel	7,106	25,910	120,000	94,090	22%
1-5-5700-590 Safety Equipment	-	22	3,000	2,978	1%
1-5-5700-591 Communication Maintenance	-	-	1,000	1,000	0%

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



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For Period Ending 30-Jun-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
1-5-5700-592 Repair & Maint Of Gen Equipment	-	-	3,000	3,000	0%
1-5-5700-593 Repair Vehicles And Tools	886	5,116	30,000	24,884	17%
1-5-5700-594 Large Equipment Maintenance	2,261	10,812	35,000	24,188	31%
1-5-5700-595 Equip. Preventative Maintenance	-	-	1,000	1,000	0%
1-5-5700-596 Auto/Equipment Operation	1,978	15,170	20,000	4,830	76%
1-5-5700-597 Maint General Plant (Buildings)	25	3,768	10,000	6,232	38%
1-5-5700-598 Landscape Maintenance	3,957	20,087	72,000	51,913	28%
1-5-5700-601 Recharge Fac, Canyon & Pond Maint	560	12,967	12,000	(967)	108%
Total MAINTENANCE & GENERAL	27,619	138,291	436,830	298,539	32%
ENGINEERING (IN-HOUSE)					
1-5-5800-237 Health Insurance	300	2,302	5,200	2,898	44%
1-5-5800-243 Retirement/Calpers	836	6,702	17,000	10,298	39%
1-5-5800-501 Labor	5,693	45,633	120,000	74,367	38%
1-5-5800-502 Bereavement/Seminar/Jury Duty	-	-	500	500	0%
1-5-5800-503 Sick Leave	-	-	2,000	2,000	0%
1-5-5800-504 Vacation	-	-	3,200	3,200	0%
1-5-5800-505 Holiday	236	1,127	2,600	1,473	43%
1-5-5800-507 Life Insurance	23	168	312	144	54%
1-5-5800-518 Seminar & Travel Expenses	-	-	500	500	0%
1-5-5800-519 Education Expense	-	421	5,000	4,579	8%
1-5-5800-520 Worker's Compensation	275	2,029	4,000	1,971	51%
Total ENGINEERING (IN-HOUSE)	7,365	58,384	160,312	101,928	36%
PROFESSIONAL SERVICES					
1-5-5810-611 General Legal	34,825	106,605	125,000	18,395	85%
1-5-5810-612 Development - Reimb. Legal	-	-	1,000	1,000	0%
1-5-5810-514 Audit	-	15,153	19,000	3,847	80%
1-5-5810-616 Accounting (Non Audit)	-	-	1,000	1,000	0%
1-5-5820-611 General Engineering	3,714	82,763	120,000	37,237	69%
1-5-5820-612 Development - Reimb. Engineering	-	3,813	40,000	36,187	10%
1-5-5820-614 Stwma - Project Committee No. 1	-	185,264	-	(185,264)	
1-5-5820-615 Engineering - Permitting (Rec Water)	-	855	50,000	49,145	2%

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



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For Period Ending 30-Jun-2009

General Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
Total PROFESSIONAL SERVICES	38,539	394,454	356,000	(38,454)	111%
Total Expense	658,584	3,351,708	7,602,157	4,250,449	44%
Total Revenue	1,023,488	4,105,209	8,997,686	4,892,477	46%
SURPLUS/(DEFICIT)	364,905	753,500			

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



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For Period Ending 30-Jun-2009

Restricted Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
Revenue					
NON-OPERATING REVENUE					
1-4-4020-421 Front Footage Fees	31,640	31,640			
1-4-4020-422 FF - Wells	22,980	26,210			
1-4-4020-423 FF - Water Rights	14,541	208,679			
1-4-4020-424 FF - Water Treatment Plant	10,932	12,498			
1-4-4020-425 FF - Local Water Resources	5,757	87,012			
1-4-4020-426 FF - Recycled Water Facilities	16,642	18,882			
1-4-4020-427 FF - Transmission	18,612	21,240			
1-4-4020-428 FF - Storage	23,835	27,177			
1-4-4020-429 FF - Booster	1,650	1,888			
1-4-4020-430 FF - Pressure Reducing Station	843	964			
1-4-4020-431 FF - Miscellaneous Proj	736	841			
1-4-4020-432 FF - Financing Costs	3,620	4,133			
1-4-4020-435 Interest Income	-	15,709			
Total NON-OPERATING REVENUE	151,788	456,872			
Expense					
CONSTRUCTION IN PROGRESS					
2-1-0001 New Service Installation	4,886	47,761	-	(47,761)	
2-1-0006 Water Master Plan Update	-	7,249	35,000	27,751	21%
2-1-0304 Recycled Water System	-	1,893	-	(1,893)	
2-1-0605 Sunny Cal Egg Ranch Well Rehab	-	10,032	-	(10,032)	
2-1-0700 SRF Loan - Recycled Water Sys	305	645	-	(645)	
2-1-0710 CV Pollution Control Project	-	-	100,000	100,000	0%
2-1-0809 2800 Zone Recyled Water Tank Ph 1	589	829	2,200,000	2,199,171	0%
2-1-0810 24" Recycled Main - Brookside Ph 2	2,532	11,873	750,000	738,127	2%
2-1-0811 1Mg Reservoir/Booster Sta Ph 3	235	2,466	1,300,000	1,297,534	0%
2-1-0812 24" Recycled Main Westerly Loop Ph 4	2,310	2,310	5,000,000	4,997,690	0%
2-1-0813 Rec Main Ring Ranch/Ovp Ph 5	-	12,990	1,700,000	1,687,010	1%
2-1-0815 Edgar 8" Replacement Pipeline	-	135,251	150,000	14,749	90%
2-1-0816 SWP - Permanent Connection	-	96	400,000	399,904	0%
2-1-0901 1 Ton Truck W/ Utility Bed/Lumber	-	-	50,000	50,000	0%

**BEAUMONT CHERRY VALLEY WATER DISTRICT
MONTH END FINANCIAL REPORT**



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For Period Ending 30-Jun-2009

Restricted Funds	Current Month	Year to Date	Adopted Budget	Budget Remaining	Percent to Budget
2-1-0902 1 Ton Truck W/ 3/4 Ton Dump Bed	(773)	35,154	50,000	14,846	70%
2-1-0904 Loan Amortization Software	-	-	3,500	3,500	0%
2-1-0905 Uwmp Update (2010)	-	-	30,000	30,000	0%
2-1-0906 GIS/GPS Software Purchase	-	235	65,000	64,765	0%
2-1-0907 OVP 24" & 10" Main Relocation	17	878	-	(878)	
Total CONSTRUCTION IN PROGRE	10,101	269,662	11,833,500	11,563,838	2%

BEAUMONT CHERRY VALLEY WATER DISTRICT
June 2009 - FUND BALANCE*



	Beginning Balance May-09	Additions	Expenses	Transfers	Ending Balance Jun-09
GENERAL	4,781,338.54	1,023,488.00	662,696.96	(103,359.95)	5,038,769.63
DEPRECIATION	(3,055,547.85)		17.38	50,000.00	(3,005,565.23)
OPERATING RESERVE	1,735,404.67			35,573.30	1,770,977.97
EMERGENCY RESERVE	648,582.79			17,786.65	666,369.44
FRONT FOOTAGE	1,536,280.20	31,640.00			1,567,920.20
FACILITIES FEES POTABLE					
WELLS & WELL UPGRD	6,252,223.09	22,980.00			6,275,203.09
TRANSMISSIONS MAINS	(3,023,991.04)	18,612.00			(3,005,379.04)
STORAGE	(4,427,539.36)	23,835.00			(4,403,704.36)
BOOSTER STATIONS	1,405,494.18	1,650.00			1,407,144.18
TREATMENT PLANTS	9,890,652.57	10,932.00			9,901,584.57
MISC. ENGIN	525,138.47				525,138.47
PRESSURE REDUCING STA.	(268,304.96)	843.00			(267,461.96)
MISC. PROJECTS	(1,328,732.54)	736.00			(1,327,996.54)
FINANCING COSTS	1,415,567.24	3,620.00			1,419,187.24
FACILITY FEES RECYCLED	(3,778,230.04)	16,642.00	5,146.17		(3,766,734.21)
REC STORAGE	(12,812.36)		824.23		(13,636.59)
WATER RIGHTS (SWP)	6,368,246.48	14,541.00			6,382,787.48
LOCAL WATER RESOURCE	(8,309,541.91)	5,757.00			(8,303,784.91)
DEVELOPER REIMBURSEMENT	(243,304.54)				(243,304.54)
City of Banning -	9,290.22				9,290.22
*Total	10,120,213.86	1,175,276.00	668,684.74	-	10,626,805.12

****Completion of Construction in Progress including carry over from prior year***

****Actual Cash Balance does not reflect inventory purchased for capital improvement jobs in progress.***

******The difference in the deposit balance and the facility balance represents construction in progress******

Bank Balances (in memo only)

Payroll	108,724.63
Accounts Payable	446,759.56
Commercial Checking	43,680.26
LAIF	3,071,479.97
	<hr/>
	3,670,644.42

MEMORANDUM

TO: FINANCE & AUDIT COMMITTEE
FROM: JULIE SALINAS, BUSINESS MANAGER
SUBJECT: MIDYEAR BUDGET REPORT
DATE: 7/1/2009
CC:

DISCUSSION

Attached is the CY 2009 Midyear Budget Report. This report reviews the revenues and expenditures as of June 30, 2009, and compares the CY 2009 Budget to revenue and expenditures for the operating and capital budget.

Revenues

Through June 30, 2009, CY 2009 total revenues of \$4,105,209 are 46% of the Budget of \$8,997,686 (Attachment 1)

- Water Sales (domestic, irrigation and construction) of \$2,729,911 are 42% of the budget of \$6,464,918. Water sales thru June 30, 2009 are up 7.5% compared to the corresponding period of CY 2008.
- Penalties (penalties, third notice and turn on charges) of \$95,845 are 45% of the budget of \$213,500. Penalties thru June 30, 2009 are down 1.25% compared to the corresponding period of CY 2008. There has been a 24% increase in locked services (due to non-payment and/or vacancy) since January 1, 2009.
- It is anticipated that all four district owned residences will be occupied in the coming months. Income derived from the occupancy of these residences will be shown under Revenue, in a new category labeled District Housing Revenue. Through June 30, 2009, the District has collected two rental payments from 12303 Oak Glen Road.

Expenses

Through June 30, 2009, CY 2009 total expenses of \$3,351,708 are 44% of the budget of \$7,602,157 (Attachment 2)

- **Source of Supply** – Staffing changes have occurred and to compensate for wage and benefit differential, staff is recommending several transfers from Department 5300 to 5200 as follows: transfer \$10,000 from 1-5-5300-501(labor) to 1-5-5200-501(labor) to cover the difference in wages due to the staffing change. Transfer \$15,000 from 1-5-5300-237 (health) to 1-5-5200-237(health) to cover both a potential deficit and staffing changes. Transfer \$20,000 from 1-5-5300-501(labor) to 1-5-5200-503(sick leave) to cover both the current deficit and anticipated usage over the 13 remaining pay periods.

- **Transmission and Distribution** – Year to date expenses in the amount of \$373,841 are 34% of the budget of \$1,115,580.
- **Customer Service and Meter Reading** – Year to date expenses in the amount of \$90,602 are 45% of the budget of \$201,640.
- **Administration** – With the resignation of the General Manager, staff has recalculated the labor projection for the remainder of the calendar year and is making the following recommendation: Transfer \$80,000 from 1-5-5500-501(labor) to 1-5-5500-503(sick leave). Additionally, transfer \$1,409.63 from 1-5-5500-570 (insurance) to 1-5-5500-577 (taxes). Year to date expenses for this category total \$959,808, 50% of the budget of \$1,937,050.
- **Board of Directors** – Year to date expenses in the amount of \$20,214 are 23% of the budget of \$86,075. Election expenses were allocated to the CY 2008.
- **Maintenance & General Plant** – Year to date expenses in the amount of \$138,291 are 32% of the budget of \$436,830. Staff is recommending a transfer of \$6,000 from 1-5-5500-570 (insurance) to 1-5-5700-601 (maintenance) and a transfer of \$2,500 from 1-5-5500-570 (insurance) to 1-5-5640-581 (sanitation).
- **Engineering (in-house)** – Total expenses for this category total \$58,384, 36% of the budget of \$160,312.
- **Professional Services** – With the approval of the FY2008/2009 budget contribution for STWMA Project Committee No. 1, total expenses for this category total \$394,454, 111% of the budget of \$356,000.

Construction in Progress

Through June 30, 2009, CY 2009 total expenses of \$269,662 are 2% of the budget of \$11,833,500 (Attachment 3)

- As reported in the *Press Enterprise* on June 1, 2009, “a more than \$16 million, zero-interest stimulus loan will help complete a 34-mile recycled water pipeline.”

RECOMMENDATION

That the Finance and Audit Committee recommend the Board of Directors receive and file the CY 2009 Midyear Budget Report.

ATTACHMENT 1
CY 2009 MIDYEAR BUDGET REPORT
REVENUES

Revenues
CY 2009 Midyear Budget Report

Revenue	Thru 06/30/09	Adopted Budget	Percent to Budget
OPERATING REVENUE			
1-4-4010-401 Domestic Water Sales	2,645,968	6,325,918	42%
1-4-4010-402 Irrigation Water Sales	11,141	30,000	37%
1-4-4010-403 Construction Water Sales	72,802	109,000	67%
1-4-4010-404 Installation Charges	202,989	280,251	72%
1-4-4010-407 Reimb. Cust. Damages/Upgrades	16,889	34,752	49%
1-4-4010-408 Backflow Devices	10,630	17,522	61%
1-4-4010-410 Returned Check Fees	1,800	6,000	30%
1-4-4010-411 Miscellaneous income	22,887	10,000	229%
1-4-4010-412 Rental Income	600	1,200	50%
1-4-4010-414 Recharge Income (Banning)	32,172	85,000	38%
1-4-4010-441 Turn Ons	15,600	47,500	33%
1-4-4010-442 Third Notice Charges	38,130	81,000	47%
1-4-4010-443 Penalties	42,115	85,000	50%
1-4-4010-444 SGPWA Importation Charge	487,630	749,029	65%
1-4-4010-445 SCE Power Charge	495,422	1,101,514	45%
1-4-4010-446 Bonita Vista Repayment - Interest	8,034	34,000	24%
Total Operating Revenue	4,104,809	8,997,686	46%
DISTRICT HOUSING REVENUE			
1-4-4011-412 Rent - 12303 Oak Glen Rd	400	-	
1-4-4012-412 Rent - 13695 Oak Glen Rd	-	-	
1-4-4013-412 Rent - 13697 Oak Glen Rd	-	-	
1-4-4014-412 Rent - 9781 Avenida Miravilla	-	-	
1-4-4015-515 Electric/Propane - 12303 Oak Glen Rd	-	-	
1-4-4016-515 Electric/Propane - 13695 Oak Glen Rd	-	-	
1-4-4017-515 Electric/Propane - 13697 Oak Glen Rd	-	-	
1-4-4018-515 Electric/Propane - 9781 Avenida Miravilla	-	-	
Total District Housing Revenue	400	-	-
Total Revenue	4,105,209	8,997,686	46%

ATTACHMENT 2
CY 2009 MIDYEAR BUDGET REPORT
EXPENSES

Expenses
CY 2009 Midyear Budget Report

Expense	Thru 06/30/09	Adopted Budget	Percent to Budget
SOURCE OF SUPPLY & WATER TREATMENT			
1-5-5200-237 Health Insurance	21,225	40,000	53%
1-5-5200-243 Retirement/CalPERS	31,185	65,000	48%
1-5-5200-501 Labor	123,498	230,000	54%
1-5-5200-502 Bereavement/Seminar/Jury Duty	278	1,000	28%
1-5-5200-503 Sick Leave	17,560	4,000	439%
1-5-5200-504 Vacation	1,253	12,750	10%
1-5-5200-505 Holidays	3,999	8,500	47%
1-5-5200-507 Life Insurance	692	1,600	43%
1-5-5200-508 Uniforms, Employee Benefits	309	1,270	24%
1-5-5200-511 Treatment & Chemicals	63,122	135,000	47%
1-5-5200-512 Lab Testing	21,015	95,000	22%
1-5-5200-513 Maintenance Equipment (pumping)	45,484	125,000	36%
1-5-5200-514 Utilities - Gas	50	50	99%
1-5-5200-515 Utilities - Electric	487,506	1,530,000	32%
1-5-5200-517 Telemetry Maintenance	4,080	6,000	68%
1-5-5200-518 Seminar & Travel Expenses	110	500	22%
1-5-5200-519 Education Expenses	235	1,000	24%
1-5-5200-520 Worker's Compensation Insurance	9,605	22,000	44%
1-5-5200-620 State Project Water Purchased	192,907	480,000	40%
1-5-5200-621 Groundwater Purchase (SMWC)	292,000	550,000	53%
Total Source of Supply & Water	1,316,114	3,308,670	40%
TRANSMISSION & DISTRIBUTION			
1-5-5300-237 Health Insurance	46,021	145,000	32%
1-5-5300-243 Retirement/CalPERS	50,101	140,000	36%
1-5-5300-501 Labor	144,814	465,000	31%
1-5-5300-502 Bereavement/Seminar/Jury Duty	351	6,500	5%
1-5-5300-503 Sick Leave	11,207	18,000	62%
1-5-5300-504 Vacation	8,082	24,000	34%
1-5-5300-505 Holidays	10,106	20,000	51%
1-5-5300-507 Life Insurance	1,187	3,400	35%
1-5-5300-508 Uniforms, Employee Benefits	1,394	4,430	31%
1-5-5300-518 Seminar & Travel Expenses	-	1,000	0%
1-5-5300-519 Education Expenses	265	2,000	13%

Expenses
CY 2009 Midyear Budget Report

	Thru 06/30/09	Adopted Budget	Percent to Budget
1-5-5300-520 Worker's Compensation Insurance	14,745	38,000	39%
1-5-5300-530 Maint Pipeline/Fire Hydrant	27,662	82,500	34%
1-5-5300-531 Line Locates	1,592	2,000	80%
1-5-5300-534 Maint Meters & Services	24,643	95,000	26%
1-5-5300-535 Backflow Devices	-	750	0%
1-5-5300-536 Maintenance Reservoirs/Tanks	605	10,000	6%
1-5-5300-537 Maintenance Pressure Regulators	10,794	18,000	60%
1-5-5300-538 Inspections	20,273	40,000	51%
Total Transmission & Distribution	373,841	1,115,580	34%

CUSTOMER SERVICE & METER READING

1-5-5400-237 Health Insurance	15,053	42,000	36%
1-5-5400-243 Retirement/CalPERS	14,771	40,000	37%
1-5-5400-501 Labor	47,165	95,000	50%
1-5-5400-502 Bereavement/Seminar/Jury Duty	45	500	9%
1-5-5400-503 Sick Leave	2,716	2,000	136%
1-5-5400-504 Vacation	2,747	5,850	47%
1-5-5400-505 Holidays	3,010	5,500	55%
1-5-5400-507 Life Insurance	345	900	38%
1-5-5400-508 Uniforms, Employee Benefits	392	890	44%
1-5-5400-519 Education Expenses	-	1,000	0%
1-5-5400-520 Worker's Compensation Insurance	4,359	8,000	54%
	90,602	201,640	45%

ADMINISTRATION

1-5-5500-237 Health Insurance	70,407	148,500	47%
1-5-5500-243 Retirement/CalPERS	130,550	275,000	47%
1-5-5500-501 Labor	436,806	910,000	48%
1-5-5500-502 Bereavement/Seminar/Jury Duty	-	2,500	0%
1-5-5500-503 Sick Leave	85,568	20,000	428%
1-5-5500-504 Vacation	34,702	38,000	91%
1-5-5500-505 Holidays	19,447	40,000	49%
1-5-5500-507 Life Insurance	2,591	4,800	54%
1-5-5500-518 Seminar & Travel Expenses	577	6,000	10%
1-5-5500-519 Education Expenses	-	1,000	0%
1-5-5500-520 Worker's Compensation Insurance	11,709	25,000	47%
1-5-5500-549 Bank Charges/Trans. Fees	8,027	14,600	55%

Expenses
CY 2009 Midyear Budget Report

	Thru 06/30/09	Adopted Budget	Percent to Budget
1-5-5500-553 Temporary Labor	3,638	17,500	21%
1-5-5500-555 Office Supplies	22,713	55,000	41%
1-5-5500-556 Office Equipment/Service Agreements	33,131	60,000	55%
1-5-5500-557 Office Maintenance	7,281	20,000	36%
1-5-5500-558 Membership Dues	1,300	15,000	9%
1-5-5500-559 Armored Car	2,356	5,000	47%
1-5-5500-560 Office Equip Maint & Repairs	64	3,200	2%
1-5-5500-561 Postage	24,681	40,000	62%
1-5-5500-562 Subscriptions	266	2,850	9%
1-5-5500-563 Misc Operating Supplies	5,207	15,000	35%
1-5-5500-564 Misc Tools/Equipment	1,495	15,000	10%
1-5-5500-567 Employee Medical/First Aid	129	600	22%
1-5-5500-568 Random Drug Testing	-	500	0%
1-5-5500-570 Property/Auto/Gen Liability Ins.	(4,437)	90,000	-5%
1-5-5500-572 State Mandates and Tarriffs	8,099	30,000	27%
1-5-5500-573 Miscellaneous Expenses	435	1,000	44%
1-5-5500-574 Public Education	8,265	10,000	83%
1-5-5500-577 Property Taxes (out of District)	6,410	5,000	128%
1-5-5500-578 IT Support/Software Support	36,957	65,000	57%
1-5-5500-630 Accounts Receivable	1,435	1,000	143%
Total Administration	959,808	1,937,050	50%
BOARD OF DIRECTORS			
1-5-5500-550 Board of Director Fees	19,200	60,000	32%
1-5-5500-551 Seminar & Travel Expenses	812	3,500	23%
1-5-5500-552 Election Expenses	202	22,575	1%
Total Board of Directors	20,214	86,075	23%
MAINTENANCE & GENERAL PLANT			
1-5-5610-514 Gas - 560 Magnolia Ave	-	150	0%
1-5-5610-515 Electric - 560 Magnolia Ave	8,470	22,000	39%
1-5-5610-580 Telephone - 560 Magnolia Ave	18,033	55,000	33%
1-5-5610-581 Sanitation - 560 Magnolia Ave	1,320	2,400	55%
1-5-5610-582 Maintenance - 560 Magnolia Ave	1,361	3,500	39%
1-5-5615-501 Labor - 12303 Oak Glen Rd	342	1,000	34%
1-5-5615-515 Electric - 12303 Oak Glen Rd	1,143	1,500	76%
1-5-5615-582 Maint/Repair - 12303 Oak Glen Rd	511	3,000	17%

Expenses
CY 2009 Midyear Budget Report

	Thru 06/30/09	Adopted Budget	Percent to Budget
1-5-5615-583 Propane - 12303 Oak Glen Rd	123	1,500	8%
1-5-5620-501 Labor - 13695 Oak Glen Rd	-	1,000	0%
1-5-5620-515 Electric - 13695 Oak Glen Rd	-	1,000	0%
1-5-5620-582 Maint/Repair - 13695 Oak Glen Rd	579	3,000	19%
1-5-5620-583 Propane - 13695 Oak Glen Rd	27	1,500	2%
1-5-5625-501 Labor - 13697 Oak Glen Rd	-	1,000	0%
1-5-5625-515 Electric - 13697 Oak Glen Rd	874	1,500	58%
1-5-5625-582 Maint/Repair - 13697 Oak Glen Rd	1,291	3,000	43%
1-5-5625-583 Propane - 13697 Oak Glen Rd	1,262	1,500	84%
1-5-5630-501 Labor - 9781 Avenida Miravilla	-	1,000	0%
1-5-5630-515 Electric - 9781 Avenida Miravilla	275	300	92%
1-5-5630-582 Maint/Repair - 9781 Avenida Miravilla	1,836	8,000	23%
1-5-5630-583 Propane - 9781 Avenida Miravilla	176	-	
1-5-5635-515 Electric - 815 E. 12th St	2,254	9,000	25%
1-5-5635-580 Telephone - 815 E. 12th St	247	480	51%
1-5-5635-581 Sanitation - 815 E. 12th St	1,222	3,000	41%
1-5-5635-582 Maint/Repair - 815 E. 12th St	1,743	4,000	44%
1-5-5640-581 Sanitation - 11083 Cherry Ave	1,350	500	270%
1-5-5700-589 Auto/Fuel	25,910	120,000	22%
1-5-5700-590 Safety Equipment	22	3,000	1%
1-5-5700-591 Communication Maintenance	-	1,000	0%
1-5-5700-592 Repair/Maint of Gen Equipment	-	3,000	0%
1-5-5700-593 Repair Vehicles and Tools	5,116	30,000	17%
1-5-5700-594 Large Equipment Maintenance	10,812	35,000	31%
1-5-5700-595 Equip Preventative Maintenance	-	1,000	0%
1-5-5700-596 Auto/Equipment Operation	15,170	20,000	76%
1-5-5700-597 Maint General Plant (Buildings)	3,768	10,000	38%
1-5-5700-598 Landscape Maintenance	20,087	72,000	28%
1-5-5700-601 Recharge Fac, Canyon & Pond Maint	12,967	12,000	108%
Total Maintenance & General Plant	138,291	436,830	32%

ENGINEERING (IN-HOUSE)

1-5-5800-237 Health Insurance	2,302	5,200	44%
1-5-5800-243 Retirement/CalPERS	6,702	17,000	39%
1-5-5800-501 Labor	45,633	120,000	38%
1-5-5800-502 Bereavement/Seminar/Jury Duty	-	500	0%
1-5-5800-503 Sick Leave	-	2,000	0%
1-5-5800-504 Vacation	-	3,200	0%

Expenses
CY 2009 Midyear Budget Report

	Thru 06/30/09	Adopted Budget	Percent to Budget
1-5-5800-505 Holidays	1,127	2,600	43%
1-5-5800-507 Life Insurance	168	312	54%
1-5-5800-518 Seminar & Travel Expenses	-	500	0%
1-5-5800-519 Education Expenses	421	5,000	8%
1-5-5800-520 Worker's Compensation Insurance	2,029	4,000	51%
Total Engineering (in-house)	58,384	160,312	36%
PROFESSIONAL SERVICES			
1-5-5810-611 General - Legal	106,605	125,000	85%
1-5-5810-612 Dev Reimb - Legal	-	1,000	0%
1-5-5810-514 Audit	15,153	19,000	80%
1-5-5810-616 Accounting - Non Audit	-	1,000	0%
1-5-5820-611 General - Engineering	82,763	120,000	69%
1-5-5820-612 Dev Reimb - Engineering	3,813	40,000	10%
1-5-5820-614 STWMA - Project Committee No. 1	185,264	-	
1-5-5820-615 Engineering - Permitting (Rec Water)	855	50,000	2%
Total Professional Services	394,454	356,000	111%
Total Expenses	3,351,708	7,602,157	44%

ATTACHMENT 3
CY 2009 MIDYEAR BUDGET REPORT
NON OPERATING REVENUES & EXPENSES

Non Operating Revenue & Expenses
CY 2009 Midyear Budget Report

		Thru 06/30/09	Adopted Budget	Percent to Budget
Revenue				
NON-OPERATING REVENUE				
1-4-4020-421	Front Footage Fees	31,640		
1-4-4020-422	FF - Wells	26,210		
1-4-4020-423	FF - Water Rights	208,679		
1-4-4020-424	FF - Water Treatment Plant	12,498		
1-4-4020-425	FF - Local Water Resources	87,012		
1-4-4020-426	FF - Recycled Water Facilities	18,882		
1-4-4020-427	FF - Transmission	21,240		
1-4-4020-428	FF - Storage	27,177		
1-4-4020-429	FF - Booster	1,888		
1-4-4020-430	FF - Pressure Reducing Station	964		
1-4-4020-431	FF - Miscellaneous Proj	841		
1-4-4020-432	FF - Financing Costs	4,133		
1-4-4020-435	Interest Income	15,709		
	Total NON-OPERATING REVENUE	456,872		
Expense				
CONSTRUCTION IN PROGRESS				
2-1-0001	New Service Installation	47,761	-	
2-1-0006	Water Master Plan Update	7,249	35,000	21%
2-1-0304	Recycled Water System	1,893	-	
2-1-0605	Sunny Cal Egg Ranch Well Rehab	10,032	-	
2-1-0700	SRF Loan - Recycled Water Sys	645	-	
2-1-0710	CV Pollution Control Project	-	100,000	0%
2-1-0809	2800 Zone Recyled Water Tank Ph 1	829	2,200,000	0%
2-1-0810	24" Recycled Main - Brookside Ph 2	11,873	750,000	2%
2-1-0811	1Mg Reservoir/Booster Sta Ph 3	2,466	1,300,000	0%
2-1-0812	24" Recycled Main Westerly Loop Ph 4	2,310	5,000,000	0%
2-1-0813	Rec Main Ring Ranch/Ovp Ph 5	12,990	1,700,000	1%
2-1-0815	Edgar 8" Replacement Pipeline	135,251	150,000	90%
2-1-0816	SWP - Permanent Connection	96	400,000	0%
2-1-0901	1 Ton Truck W/ Utility Bed/Lumber	-	50,000	0%
2-1-0902	1 Ton Truck W/ 3/4 Ton Dump Bed	35,154	50,000	70%
2-1-0904	Loan Amortization Software	-	3,500	0%
2-1-0905	Uwmp Update (2010)	-	30,000	0%
2-1-0906	GIS/GPS Software Purchase	235	65,000	0%
2-1-0907	OVP 24" & 10" Main Relocation	878	-	
	Total CONSTRUCTION IN PROGRES	269,662	11,833,500	2%

**RECORD OF THE MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE BEAUMONT CHERRY VALLEY WATER DISTRICT
June 10, 2009**

CALL TO ORDER, PRESIDENT BALL

President Ball called the meeting to order at 7:02 p.m., 560 Magnolia Avenue, Beaumont, California.

PLEDGE OF ALLEGIANCE, DIRECTOR WOLL

Director Woll led the pledge.

INVOCATION, VICE PRESIDENT PARKS

Vice President Parks recited an invocation.

ROLL CALL, BLANCA MARIN

Those responding to roll call were President Ball, Vice President Parks and Directors Woll and Ross. Also present at this meeting were Legal Counsel Gil Granito, Assistant General Manager Anthony Lara and Executive Assistant Blanca Marin.

PUBLIC INPUT

President Ball invited Natividad Esquivel to address the Board on an item not on the agenda. Heidi Martin, staff member translated from Spanish to English to help Mrs. Esquivel in addressing her concerns to the Board. Ms. Esquivel complained to the Board that on two different occasions she was asked to pay for a water bill that did not belong to her. She mentioned two different residences. She requested that the Board please review her billing issues. Board directed Mr. Lara to meet with Mrs. Esquivel.

ACTION ITEMS

1. ADOPTION OF THE AGENDA

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

2. APPOINTMENT OF NEW DIRECTOR

AT THIS TIME THE BOARD WILL INTERVIEW PROSPECTIVE CANDIDATES AND CONSIDER MAKING AN APPOINTMENT TO FILL THE VACANCY RESULTING FROM THE RESIGNATION OF MARQUEL DOPP ON APRIL 8, 2009. **

The Board introduced the prospective candidates; James Earhart, Alan Slater, Niki Magee, and David Castaldo. The Board Members proceeded to interview each candidate that was present.

President Ball then read a letter from Sam Vanderbrug a candidate who also submitted a letter of interest for the vacant position but, could not attend due to a scheduling conflict.

Unapproved Minutes of June 10, 2009

Each candidate was asked if there was any conflict of interests should they serve on the BCVWD board to which each candidate answered "no".

Director Ross voted for James Earhart
Director Parks voted for Alan Slater
Director Woll voted for Niki Magee
Director Ball voted for Niki Magee

Director Ross then moved to appoint Niki Magee to the vacant position. Director Woll seconded. The motion passed with Vice President Parks opposing.

Secretary Woll administered the Oath of Office to newly appointed Director Magee.

3. FINANCIAL REPORTS

(a) Bills for Consideration**

May 2009 (Including Pending Invoice from GeoScience- \$3,129)

Board Action

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

Director Ross moved to accept and file the May 2009 invoices. Director Woll seconded. The motion passed unanimously.

(b) Month End Financial Statements** May 2009

Board Action

The Board will take action to "accept and file" the Month End Financial Statements presented by staff.

Director Ross moved to accept and file the Month End Financial Statements. Director Woll seconded. The motion passed unanimously.

4. APPROVAL OF THE MINUTES

a. Minutes of the Regular Meeting of May 13, 2009**

President Ball requested that the title of item 18a be changed from 'practice' to Rules and Regulations.

Director Ross moved to approve minutes of May 13, 2009 with the change. President Ball seconded. The motion passed with Vice President Parks abstaining.

b. Minutes of the Special Meeting of May 22, 2009**

Director Woll moved to approve the Minutes of the Special Meeting of May 22, 2009 as presented. Vice President Parks seconded. The motion passed unanimously.

c. Minutes of the Special Meeting of May 29, 2009**

Vice President Parks moved to approve the Special Meeting Minutes of May 29, 2009 as presented. Director Woll seconded. The motion passed unanimously.

5. SELECTION OF BANKING SERVICES**

Director Ross reported that the Finance and Audit Committee met and the recommendation was made to select the Bank of Hemet for banking services.

Director Woll moved to switch services to the Bank of Hemet. Director Ross seconded. The motion passed unanimously.

6. DETACHMENT REQUEST FROM MONTY AND GINA SORENSEN**

A new memorandum regarding this item was handed out at the beginning of the meeting.

President Ball requested a five minute recess to review the memorandum at 8:06 p.m.

President Ball reconvened the meeting at 8:15 p.m.

Assistant General Manager indicated that this was the second request from the Sorensens to detach from the District. He reported that by allowing detachment from the District the Sorensens would be able to obtain water service from Yucaipa Valley Water District at a less expensive cost. He also explained that the District currently does not plan on servicing the Sorensen's area soon and recommended granting the detachment request.

Director Woll moved to approve detachment request. Director Ross seconded. The motion passed unanimously.

7. CONSIDERATION OF FISCAL YEAR 2009-2010 SAN TIMOTEO WATERSHED MANAGEMENT AUTHORITY, STWMA PROJECT COMMITTEE NO1 AND BEAUMONT BASIN WATERMASTER **

President Ball reported that the Finance and Audit Committee met and approved the budgets with modifications and conditions.

Director Woll moved to approve the budget amount of \$5000 from the San Timoteo Watershed Management Authority with the conditions that all new projects go out to bid and that all General Engineering work be preapproved and that the Commission hires a legal counsel not affiliated with any of the member agencies. Vice President Parks seconded. The motion passed unanimously.

Assistant General Manager recommended that the Board not approve the Project Committee NO1 budget until a recycled water agreement is finalized between the City of Beaumont and the District.

Director Ross moved to deny approval of Project Committee NO1 budget until a recycled water agreement is finalized. Director Woll seconded. The motion passed unanimously.

President Ball reported that the Finance and Audit Committee met and the Beaumont Basin Watermaster budget was modified from \$354,200 to \$67,500. He also reported that the BBWM budget was given the same conditions as the STWMA for approval.

Vice President Parks moved to approve the amount of \$67,500 with the conditions that all new projects go out to bid and that all Engineering work be preapproved by the board and lastly that a legal counsel not affiliated with any of the member agencies be hired. Director Ross seconded. The motion passed unanimously.

8. REQUEST FOR SUPPORT FOR ASSEMBLY BILL 1399- ASSEMBLYMAN, DISTRICT 77, JOEL ANDERSON**

Director Woll moved to send a letter of support for AB 1399. Vice President Parks seconded. The motion passed unanimously.

9. REPORTS FOR DISCUSSION AND POSSIBLE ACTION

(a) Ad hoc Committees

None

(b) Assistant General Manager

- Oak Valley Parkway Project- Upper portion of the project will be complete soon.
- Increase in State Project Water Allocation- he reported another increase in allocation from 30 to 40%.
- Recycled Water-Facility Plan Approval**- the Plan Approval was signed and mailed back to the State Water Resources Control Board. He reported that a funding commitment should be here in the next few weeks.
- ACWA JPIA Property Insurance Appraisal- Property Insurance Appraiser from JPIA came to the District to update the District property insurance schedules.
- Status Report for RFP for Rate Study- reported that the RFPs had been sent out and that any responses will be brought back to the board in July.
- 2008 Audit- The final audit will be presented at the July's meeting.

President Ball invited staff member Heidi Martin to address the Board on this item. Ms. Martin indicated that as an employee, she has seen lots of changes in the last six months. She indicated that as an employee she looks forward to more positive changes. She further thanked Assistant General Manager for his hard work and strong ethics.

(c) Directors

- Dr. Blair Ball- Dr. Ball reported that he and Director Ross met with Councilmen Berg and DeForge and other staff concerning recycled water. He also reported that he attended the ACWA Conference in Sacramento.
- Stella Parks- The MOU Personnel Committee will meet on June 16, 2009
- Ken Ross- he recommended that a financial consultant be hired to help with the finances of the District. He indicated that the contract would be for a one day per week for two months.
- Ryan Woll- He requested that a list of the parcels that did not get into the voters list with the Registrar of Voters be provided at the next meeting.

(d) Legal Counsel

None

10. ANNOUNCEMENTS

- a. The District will be closed on July 3rd, 2009 on celebration of Independence Day.**
- b. Regular Board Meeting, July 8, 2009 at 7:00 p.m.**

11. ACTION LIST

- List of parcels in the Bonita Vista Area that are within the District but were not included in the list of the Registrar of Voters
- Staff to send out request for proposals to hire a financial consultant to work on the finances of the District

12. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL- (TWO MATTERS)

President Ball adjourned the meeting at 9:04 p.m. to Closed Session as reflected in tonight's agenda.

A. A Closed Session will be held to confer with legal counsel on a matter of potential litigation pursuant to subdivision (c) of Government Code section 54956.9-one matter- Potential Litigation

B. A Closed Session will also be held regarding a personnel matter pursuant to Government Code section 54957- Assistant General Manager- Performance Review.

President Ball reconvened to open session at 10:25 p.m.

13. OPEN SESSION- REPORT ON CLOSED SESSION

General Counsel, Gil Granito reported that the first phase of the Closed Session was held pursuant to Subdivision (c) of Government Code Section 54956.9 as reflected on the agenda, one matter. He reported that General Counsel led the discussion and no reportable action was taken.

General Counsel, Gil Granito reported that the second phase of the Closed Session was held pursuant to Government Code Section 54957 as reflected on the agenda. He reported that during Closed Session, board members engaged Mr. Lara in an evaluation of Mr. Lara's tenure for the last six months. He reported that during Closed Session the Board voted unanimously to appoint Mr. Lara as the Interim General Manager.

President Ball indicated that a press release will be issued in the next days.

President Ball also announced that he received a letter from ACWA inviting any director to volunteer their time for ACWA's Board Division Nine.

14. ADJOURNMENT

Vice President Parks moved to adjourn the meeting. President Ball seconded. The motion passed unanimously.

President Ball adjourned the meeting at 10:25 p.m.

Attest:

Dr. Blair Ball, President of the
Board of Directors of the
Beaumont Cherry Valley Water District

Ryan Woll, Secretary of the
Board of Directors of the
Beaumont Cherry Valley Water District

**BEAUMONT-CHERRY VALLEY
WATER DISTRICT**

BASIC FINANCIAL STATEMENTS

Year ended December 31, 2008

**BEAUMONT-CHERRY VALLEY
WATER DISTRICT**

BASIC FINANCIAL STATEMENTS

Year ended December 31, 2008

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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, 2008 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, 2007 and, in our report dated September 26, 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, 2008, 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 June 2, 2009 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
June 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2008

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, 2008. 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 total number of service connections as of December 31, 2008 was 14,552 accounts (active and inactive); representing a 4.5% increase in the number of accounts it serves. Water sales decreased during the current calendar year and totaled 12,606.74 acre-feet. This represented a 7.3% decrease from the previous year due, in part, to a

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2008

reduction in new construction and construction water sales. This change along with others equated to a \$1,016,740 or 14% decrease in water revenue compared to the previous year.

The District completed the construction of the new administrative building and completed the construction of wells 25, 26 & 29. The District anticipates that with the ability to take advantage of off-peak pumping rates, the addition of the three wells will allow the District to operate more efficiently, consequently stabilizing energy costs and bring long term savings to the District.

Statement of Net Assets
December 31, 2008 and 2007

	2008	2007	Increase/(Decrease)	
			Amount	% Change
Assets				
Current assets	\$ 6,106,008	\$ 8,409,075	\$ (2,303,067)	-27.4%
Noncurrent assets	103,330,928	101,273,829	2,057,099	2.0%
Total assets	109,436,936	109,682,904	(245,968)	-0.2%
Liabilities				
Current liabilities	1,583,936	2,011,867	(427,931)	-21.3%
Noncurrent liabilities	262,644	117,784	144,860	123.0%
Total liabilities	1,846,580	2,129,651	(283,071)	-13.3%
Net Assets				
Invested in capital assets	102,938,881	100,799,011	2,139,870	2.1%
Unrestricted	4,651,475	6,754,242	(2,102,767)	-31.1%
Total net assets	107,590,356	107,553,253	37,103	0.0%

While the District's operation grew at a rapid pace over the past four years, the above table demonstrates a more sound operation, showing a small increase in total net asset during the calendar year 2008.

BEAUMONT CHERRY VALLEY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2008

Revenues, Expenses and Changes in Net Assets

December 31, 2008 and 2007

	2008	2007	Increase/(Decrease)	
			Amount	%
Operating revenues:				
Water sales	\$ 6,254,605	\$ 7,271,345	\$ (1,016,740)	-14.0%
Water services				
Service connections	2,894,830	2,123,447	771,383	36.3%
Development reimb.	474,197	49,536	424,661	857.3%
Inspection reimb.	6,880	427,501	(420,621)	-98.4%
Other	276,611	236,031	40,580	17.2%
Total water services	3,652,518	2,836,515	816,003	28.8%
Total operating revenues	9,907,123	10,107,860	(200,737)	-2.0%
Operating Expenses:				
Pumping expenses	2,946,405	2,385,970	560,435	23.5%
Transmission & dist.	937,719	1,452,831	(515,112)	-35.5%
Customer accounts	163,190	275,400	(112,210)	-40.7%
General & admin.	3,046,205	1,813,387	1,232,818	68.0%
STWMA	45,500	-	45,500	100.0%
Engineering	309,815	465,204	(155,389)	-33.4%
Depreciation	1,763,321	1,140,443	622,878	54.6%
Total operating expenses	9,212,155	7,533,235	1,678,920	22.3%
Income (loss) from operations	694,968	2,574,625	(1,879,657)	-73.0%
Nonoperating revenues (expenses):				
Misc. expenses	(8,182)	(10,931)	2,749	-25.1%
Investment income	82,260	405,525	(323,265)	-79.7%
Total nonoperating revenues	74,078	394,594	(320,516)	-81.2%
Income before contributions	769,046	2,969,219	(2,200,173)	-74.1%
Capital contributions:				
Facilities charges	1,382,234	4,081,729	(2,699,495)	-66.1%
Front footage fees & other	165,550	319,246	(153,696)	-48.1%
Total capital contributions	1,547,784	4,400,975	(2,853,191)	-64.8%
Changes in net assets	2,316,830	7,370,194	(5,053,364)	-68.6%
Net assets at beginning of year	105,273,526	100,183,059	5,090,467	5.1%
Total net assets at end of year	\$ 107,590,356	\$ 107,553,253	\$ 37,103	0.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2008

Capital Assets

December 31, 2008 and 2007

Capital assets, depreciable:	2008	2007	Increase/(Decrease)	
			Amount	% Change
Pumphouse structures	80,422	80,422	0	0.0%
Well casings & develop	5,287,316	3,432,215	1,855,101	54.0%
Pumping equipment	4,334,883	4,334,883	0	0.0%
Chlorinators	115,803	115,803	0	0.0%
Reservoirs & Tanks	17,604,872	16,982,895	621,977	3.7%
Telemetry equipment	410,552	410,552	0	0.0%
Trans & dist mains	49,492,020	49,361,970	130,050	0.3%
Meters and services	5,218,395	4,811,505	406,890	8.5%
Fire hydrants	3,884	3,884	0	0.0%
Structures & Improvements	18,126,297	449,379	17,676,918	3933.6%
Office furniture & equip	531,953	273,618	258,335	94.4%
Automobile equipment	711,993	617,466	94,527	15.3%
General equipment	402,519	380,825	21,694	5.7%
Total capital assets, depreciable	102,320,909	81,255,417	21,065,492	25.9%
Total capital assets nondepreciable	9,155,927	26,318,228	(17,162,301)	-65.2%
Accumulated Depreciation	(8,537,955)	(6,774,634)	(1,763,321)	26.0%
Total capital assets, net	102,938,881	100,799,011	2,139,870	2.1%

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, 2008

(with prior year data for comparison purposes only)

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and investments (note 2)	\$ 3,386,403	\$ 4,667,542
Accounts receivable, billed (note 3)	979,700	1,224,283
Accounts receivable, other (note 3)	229,749	1,172,231
Accounts receivable, unbilled (note 1h)	749,582	463,381
Accrued interest receivable	19,464	55,998
Inventory	677,783	759,668
Prepaid expenses	63,327	65,972
Total current assets	<u>6,106,008</u>	<u>8,409,075</u>
Noncurrent assets:		
Notes receivable (note 11)	392,047	474,818
Capital assets, net of accumulated depreciation (note 4)	<u>102,938,881</u>	<u>100,799,011</u>
Total noncurrent assets	<u>103,330,928</u>	<u>101,273,829</u>
Total assets	<u>109,436,936</u>	<u>109,682,904</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	654,038	1,801,134
Deposits payable	95,134	74,801
Accrued salaries and benefits	17,387	34,754
Unearned revenue	<u>817,377</u>	<u>101,178</u>
Total current liabilities	<u>1,583,936</u>	<u>2,011,867</u>
Noncurrent liabilities:		
Compensated absences (note 1k)	<u>262,644</u>	<u>117,784</u>
Total noncurrent liabilities	<u>262,644</u>	<u>117,784</u>
Total liabilities	<u>1,846,580</u>	<u>2,129,651</u>
<u>Net Assets</u>		
Net assets:		
Invested in capital assets, net of related debt	102,938,881	100,799,011
Unrestricted	<u>4,651,475</u>	<u>6,754,242</u>
Total net assets	<u>\$ 107,590,356</u>	<u>\$ 107,553,253</u>

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, 2008

(with prior year data for comparison purposes only)

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Water sales	\$ 6,254,605	\$ 7,271,345
Water services:		
Service connections	2,894,830	2,123,447
Development reimbursement	474,197	49,536
Inspection reimbursement	6,880	427,501
Other	<u>276,611</u>	<u>236,031</u>
Total water services	<u>3,652,518</u>	<u>2,836,515</u>
Total operating revenues	<u>9,907,123</u>	<u>10,107,860</u>
Operating expenses:		
Pumping expenses	2,946,405	2,385,970
Transmission and distribution	937,719	1,452,831
Customer accounts	163,190	275,400
General and administrative	3,046,205	1,813,387
San Timoteo Watershed	45,500	-
Engineering	309,815	465,204
Depreciation	<u>1,763,321</u>	<u>1,140,443</u>
Total operating expenses	<u>9,212,155</u>	<u>7,533,235</u>
Income (loss) from operations	<u>694,968</u>	<u>2,574,625</u>
Nonoperating revenues (expenses):		
Miscellaneous expense	(8,182)	(10,931)
Investment income	<u>82,260</u>	<u>405,525</u>
Total nonoperating revenues	<u>74,078</u>	<u>394,594</u>
Income before contributions	<u>769,046</u>	<u>2,969,219</u>
Capital contributions:		
Facilities charges	1,382,234	4,081,729
Front footage fees and other reimbursements	<u>165,550</u>	<u>319,246</u>
Total capital contributions	<u>1,547,784</u>	<u>4,400,975</u>
Change in net assets	2,316,830	7,370,194
Net assets at beginning of year, as restated (note 13)	<u>105,273,526</u>	<u>100,183,059</u>
Total net assets at end of year	<u>\$ 107,590,356</u>	<u>\$ 107,553,253</u>

See accompanying notes to basic financial statements.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

Statement of Cash Flows

Year ended December 31, 2008

(with prior year data for comparison purposes only)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$10,101,057	\$10,506,727
Cash payments to employees for services	(2,426,185)	(2,264,574)
Cash payments to suppliers for goods and services	(6,285,798)	(4,680,775)
Miscellaneous expenses paid	(8,182)	(10,931)
Net cash provided by (used for) operating activities	<u>1,380,892</u>	<u>3,550,447</u>
Cash flows from capital and related financing activities:		
Acquisitions and construction of capital assets	(3,911,731)	(16,600,305)
Facility charges received	1,547,784	4,400,975
Net cash provided by (used for) capital and related financing activities	<u>(2,363,947)</u>	<u>(12,199,330)</u>
Cash flows from investing activities:		
Interest income received	118,794	532,337
Net cash provided by (used for) investing activities	<u>118,794</u>	<u>532,337</u>
Total increase (decrease) in cash and cash equivalents	(864,261)	(8,116,546)
Cash and cash equivalents at beginning of year, as restated	4,250,664	12,784,088
Cash and cash equivalents at end of year	<u>\$ 3,386,403</u>	<u>\$ 4,667,542</u>

(Continued)

BEAUMONT-CHERRY VALLEY WATER DISTRICT

Statement of Cash Flows

(Continued)

	<u>2008</u>	<u>2007</u>
Reconciliation of loss from operations to net cash provided by operating activities:		
Income from operations	\$ 694,968	\$ 2,574,625
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Operating activities:		
Depreciation	1,763,321	1,140,443
Miscellaneous expense	(8,182)	(10,931)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	900,864	249,266
Decrease (increase) in prepaid expenses	2,645	(6,845)
Decrease (increase) in inventory	81,885	379,751
Decrease (increase) in notes receivable	82,771	-
Increase (decrease) in accounts payable	(1,338,374)	(12,831)
Increase (decrease) in accrued salaries and benefits	(125,775)	(36,509)
Increase (decrease) in deposits payable	(23,917)	(17,038)
Increase (decrease) in unearned revenue	(794,174)	(718,004)
Increase (decrease) in compensated absences	144,860	8,520
Net cash provided by operating activities	<u>\$ 1,380,892</u>	<u>\$ 3,550,447</u>

Noncash capital, financing, and investing activities -

There were no significant noncash capital, financing, and investing activities for the years ended December 31, 2008 and 2007.

See accompanying notes to basic financial statements.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2008

(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, 2008, 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 \$749,582 at December 31, 2008.

(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 \$262,644, 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, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Cash on hand	\$ 1,400	922
Deposits with financial institution	380,696	1,591,043
Investments	<u>3,004,307</u>	<u>3,075,577</u>
Total cash and investments	<u>\$ 3,386,403</u>	<u>4,667,542</u>

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>	Investment Policy**	Maximum Maximum Maturity*	Maximum Percentage of Portfolio*	Investment In One Issuer*
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>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>More Than 24 Months</u>
Local Agency Investment Fund (LAIF)	<u>\$3,004,307</u>	<u>3,004,307</u>	<u>-</u>	<u>-</u>
Total	<u>\$3,004,307</u>	<u>3,004,307</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>\$3,004,307</u>	N/A	<u>-</u>	<u>-</u>	<u>3,004,307</u>
Total	<u>\$3,004,307</u>		<u>-</u>	<u>-</u>	<u>3,004,307</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.

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, 2008:

	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>90 and over</u>	<u>Total</u>
Utility billing	403,167	79,551	481,939	-	964,657
Irrigation	<u>760</u>	<u>153</u>	<u>-</u>	<u>14,130</u>	<u>15,043</u>
Total	<u>403,927</u>	<u>79,704</u>	<u>481,939</u>	<u>14,130</u>	<u>979,700</u>

Aging of other accounts receivable (by days outstanding) as of December 31, 2008:

<u>Customer Name</u>	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>90 and over</u>	<u>Total</u>
AIM All Storage-1	-	64,703	-	-	64,703
Sullivan & Sullivan	-	-	-	20,598 (a)	20,598
Noble Creek Vistas	-	-	-	27,359 (b)	27,359
Other	<u>35,382</u>	<u>10,422</u>	<u>71,285</u>	<u>-</u>	<u>117,089</u>
Total	<u>35,382</u>	<u>75,125</u>	<u>71,285</u>	<u>47,957</u>	<u>229,749</u>

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

- (a) Sullivan & Sullivan, a third party project manager, is currently in the process of calculating the correct amounts each developer owes to this project.
- (b) Noble Creek Vistas 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.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(4) Capital Assets

Changes in capital assets for the year ended December 31, 2008 were as follows:

	<u>Balance at Dec 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec 31, 2008</u>
Capital assets, nondepreciable:				
Land	\$ 1,160,319	4,828,432	-	5,988,751
Construction in progress	<u>25,157,909</u>	<u>3,903,191</u>	<u>(25,893,924)</u>	<u>3,167,176</u>
Total capital assets, nondepreciable	<u>26,318,228</u>	<u>8,731,623</u>	<u>(25,893,924)</u>	<u>9,155,927</u>
Capital assets, depreciable:				
Pumphouse structures	80,422	-	-	80,422
Well casings and development	3,432,215	1,855,101	-	5,287,316
Pumping equipment	4,334,883	-	-	4,334,883
Chlorinators	115,803	-	-	115,803
Reservoirs and tanks	16,982,895	621,977	-	17,604,872
Telemetry equipment	410,552	-	-	410,552
Transmission and distribution mains	49,361,970	130,050	-	49,492,020
Meters and meter services	4,811,505	406,890	-	5,218,395
Fire hydrants	3,884	-	-	3,884
Structures and improvements	449,379	17,676,918	-	18,126,297
Office furniture and equipment	273,618	258,335	-	531,953
Automobile equipment	617,466	94,527	-	711,993
General equipment	<u>380,825</u>	<u>21,694</u>	<u>-</u>	<u>402,519</u>
Total capital assets, depreciable	<u>81,255,417</u>	<u>21,065,492</u>	<u>-</u>	<u>102,320,909</u>
Total capital assets	107,573,645	29,797,115	(25,893,924)	111,476,836
Accumulated depreciation	<u>(6,774,634)</u>	<u>(1,763,321)</u>	<u>-</u>	<u>(8,537,955)</u>
Total capital assets, net	<u>\$100,799,011</u>	<u>28,033,794</u>	<u>(25,893,924)</u>	<u>102,938,881</u>

Depreciation expense for the depreciable capital assets for the year ended December 31, 2008 is as follows:

Water	<u>\$1,763,321</u>
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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 31, 2008 were as follows:

<u>Construction In Progress</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Unexpended Commitment</u>
Sunny Cal egg ranch (well 29)	\$ 3,815,000	2,562,569	1,252,431
2800 zone recycled water tank	4,000,000	132,983	3,867,017
State water pipeline - permanent	-	125,422	-
SRF loan recycled water system	-	159,272	-
CV pollution control project	-	83,265	-
Other various projects	<u>8,400,000</u>	<u>103,665</u>	<u>8,296,335</u>
Total expenditures to date	<u>\$16,215,000</u>	<u>\$3,167,176</u>	<u>\$13,415,783</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 24.883% of payroll for the miscellaneous plan. The District's covered payroll for PERS was \$489,622 for the year ended December 31, 2008, while the District's total payroll for all employees was \$1,772,804. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of December 31, 2008, 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>
12/31/06	\$359,285	100%	-
12/31/07	417,817	100%	-
12/31/08	489,622	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, 2008, 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. 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, 2008, the balance of the notes is \$392,047.

(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, 2008, the District paid the Contractor \$205,717 for services rendered.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(13) Prior Period Adjustments

During the fiscal year ended December 31, 2008, net assets were restated to adjust balances as of December 31, 2007:

Net assets at beginning of year, as previously reported	\$107,553,253
Adjustment of accrued liabilities	(299,686)
To reflect results of analysis of deferred revenue requested by auditor	(1,181,610)
Removal of STWMA-PC1 Funds from the financial statements of the District	(754,181)
Minor adjustment of amounts recorded as construction in progress as of the beginning of the year	<u>(44,250)</u>
Net assets at beginning of year, as restated	<u>\$105,273,526</u>



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Board of Directors
Beaumont-Cherry Valley Water District
Beaumont, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying statement of net assets of the Beaumont-Cherry Valley Water District (“the District”) as of December 31, 2008, and the related statement of revenues, expenses and changes in net assets and cash flows for the years then ended, which collectively comprise the District’s basic financial statements and have issued our report thereon dated June 2, 2009. 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.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is defined to be a control deficiency, or combination of control deficiencies, that adversely affects the District’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District’s financial statements that is more than inconsequential will not be prevented or detected by the District’s internal control. Matters conforming to this definition are those matters set forth below.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District’s internal control. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

(1) Purchase Order Policy

Per discussion with the Inventory Control Specialist, fieldworkers get the approval from their Supervisor prior to the creation of a purchase order. However, approvals are done verbally, rather than documented on paper. There are also no purchase order request forms in existence.

Recommendation

We recommend that the District adopt a policy in which approval of purchase orders is documented on paper, rather than completed verbally. We also recommend that the District create purchase order request forms to facilitate the documentation of purchase order approval.

Management's Response

District staff agrees with this recommendation. The District adopted its policy manual on March 18, 2009 which includes a purchasing policy.

(2) Allowance for Doubtful Accounts

There is an accounts receivable balance of \$20,597.66 from Sullivan & Sullivan that has been outstanding since May 9, 2006. Per discussion with the Business Manager, there could be difficulty collecting this amount. The District has no policy or procedure for establishing an allowance for doubtful accounts or for writing off bad debt.

Recommendation

We recommend the District evaluate the collectability of any long-term outstanding receivables on its books and create allowances for doubtful accounts as necessary.

Management's Response

District staff agrees with this recommendation and plans on drafting a sample policy to be reviewed and adopted by the Board in the near future.

(3) Cash Receipt Process

During our review of internal controls over the cash receipts process, we noted that the Account Clerk II reconciles daily cash, prepares the deposit, and has the ability to make adjustments to customers' accounts. Account Clerk I's at the front counter also have the ability to make adjustments to customers' accounts without prior approval. There is not a formal and consistent process to provide for an effective and independent review of adjustments made to customers' accounts.

Recommendation

We recommend that the Account Clerk II be restricted from making adjustments to customers' accounts and that someone independent of the cash receipts process review all adjustments made to customer accounts.

Management's Response

District staff agrees with this recommendation. The Commercial Office Supervisor currently reviews all adjustments made to customer accounts by (1) reviewing and approving forms submitted by staff, and (2) running audit trails from time to time to verify that forms are being completed, reviewed and approved for all adjustments.

(4) Cash Disbursements Test of Transactions

During our test of transactions, we noted four invoices had not been stamped "paid" or marked in any other way to prevent duplicate payment.

Recommendation

We recommend that during her review of the check run and vendor invoices, the Commercial Office Supervisor ensure that all invoices have been stamped "paid" by an Account Clerk II to prevent potential duplicate payment.

Management's Response

District staff agrees with this recommendation and has taken the necessary steps by updating its procedures.

(5) Restrictive Net Assets

On occasion, the District receives resources that are restricted (by external parties) as to use. These resources include connection fees restricted by state law for capital expenditures. In the past, the District's eligible capital expenditures have been in excess of connection fees received. However, in order to ensure compliance on an on-going basis, we recommend the practice below.

Recommendation

We recommend that the District implement a process by which to track the status of unexpended connection fees and other restricted net assets. One way to accomplish this might be to track on a spreadsheet a comparison of cumulative connection fees received in comparison to cumulative eligible capital expenditures incurred.

Management's Response

District staff agrees with this recommendation and is hopeful that with the assistance of a Financial Consultant such a spreadsheet can be created and/or the current spreadsheet can be updated.

(6) Special Customer Charges

The District includes on its monthly billing to customers a separate charge identified with water purchased from the state water project.

These funds do not represent externally restricted resources or resources restricted by enabling legislation that are required by governmental accounting standards to be presented in the financial statements as restricted net assets.

However, adding a charge to the customer bill using a description that suggests a specific use may represent an implied public promise to use the funds for the purpose suggested by the description on the customer bill.

Recommendation

We recommend that the District establish a system to track the use and disposition of funds accumulated as a result of charges on the customer bill that imply a use by the description of the charge on the customer bill.

Management's Response

District staff agrees with this recommendation and upon direction from the Board of Directors will concentrate its effort on developing such a system.

(7) Bank Reconciliation Preparation

The bank reconciliation process is one of the most important controls with respect to the accounting records. Bank reconciliations are most effective when they are performed by persons with no ties to individuals that are either responsible for the maintenance of the accounting records or that have direct or indirect access to District bank accounts (for example, persons with the ability to execute bank transfers, investment transactions, cash disbursements, or that have access to bank deposits). Currently, bank reconciliations are performed by the Inventory Control Specialist who does not have a formal accounting background and is also the spouse of the District's Business Manager who is responsible for the maintenance of the District's accounting records.

Recommendation

If possible, it is best for bank reconciliations to be performed by an individual unrelated to the Business Manager. If the District has limited personnel, one solution would be to contract with a local accountant or bookkeeper to perform the bank reconciliation function.

Management's Response

District staff agrees with this recommendation. Management is currently reviewing options, has submitted RFP's for Financial Consulting Services and is reviewing current work assignments amongst staff.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be used by other parties.

Mayer Hoffman Malone P.C.

Irvine, California
June 2, 2009



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Board of Directors
Beaumont-Cherry Valley Water District

We have audited the financial statements of the business-type activities of Beaumont-Cherry Valley Water District for the year ended December 31, 2008, and have issued our report thereon dated June 2, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated June 27, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Audit Focus and Scope of the Audit

An audit performed in accordance with auditing standards is designed to provide reasonable assurance of detecting errors or misstatements involving amounts significant to the financial statements of the District. Risks of significant error or misstatement addressed by the audit process include the following:

- Fraud risk for cash receipts and cash disbursements
- Risk of material fraud or misstatement associated with investments
- Risk of improper revenue recognition
- Risk of material misstatement associated with expenses: classification, accrual, support, and approval.
- Risk of errors associated with identifying capital asset additions and deletions

Significant Audit Findings

We have separately reported to you that we noted no deficiencies in internal control that we consider to be material weaknesses. Other matters regarding the District's internal control have been reported to you in that separate communication.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Examples of significant judgments and estimates related in the District's financial reporting process include:

- Estimates relating to the useful life of capital assets
- Estimates involving revenues and expenses to be accrued at year end
- Estimates of claims and judgments

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Adjustments

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. At our request, analyses were performed by the client to analyze the balance of deferred revenue recorded by the District and to remove from the District's financial statements balances associated with other agencies (San Timoteo Watershed Management Authority). The results of these analyses have been reflected in the accompanying financial statements as prior period adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have received certain representations from management that are included in the management representation letter dated June 2, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Beaumont-Cherry Valley Water District and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

June 2, 2009
Irvine, California



State Water Resources Control Board



Linda S. Adams,
*Secretary for Environmental
Protection*

Division of Administrative Services
1001 I Street • Sacramento, California 95814 • (916) 341-5057
Mailing Address: P.O. Box 100 • Sacramento, California • 95812-0100
Fax (916) 341-5048 • <http://www.waterboards.ca.gov>

Arnold Schwarzenegger
Governor

June 25, 2009

Mr. Anthony Lara
Interim General Manager
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223-2258

Agreement Number: **08-853-550**; Project Number: **C-06-5157-110**

Enclosed is the Finance Agreement for your approval and signature. This Agreement cannot be considered binding by either party until approved by the State Water Resources Control Board. The State is not obligated to make any payments for services performed prior to final approval of any Agreement.

If the Agency is in agreement with all terms and conditions of the Finance Agreement, please sign and date two (2) signature pages (page 20) of the Agreement and return to:

US Mail

**Ms. Eva Kawada
Program Analyst
State Water Resources Control Board
Division of Financial Assistance
P.O. Box 944212
Sacramento, CA 94244**

Overnight Mail

**Ms. Eva Kawada
Program Analyst
State Water Resources Control Board
Division of Financial Assistance
1001 I Street, 17th Floor
Sacramento, CA 95814**

Expeditious handling of this Agreement is appreciated. For inquiries regarding this Agreement, please contact Ms. Kawada at (916) 341-5715 or ekawada@waterboards.ca.gov.

Once final approval is obtained, we will forward you an executed copy for your records.

Enclosure

California Environmental Protection Agency



Recycled Paper



Clean Water
State Revolving Fund

BEAUMONT CHERRY VALLEY WATER DISTRICT

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



Water Boards

PROJECT FINANCE AGREEMENT

STATE REVOLVING FUND PROJECT NO. 08-853-550

AGREEMENT NO. C-06-5157-110

AMOUNT: \$16,108,100

TERM DATES: JUNE 10, 2009 – JULY 1, 2030

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Exhibit I Green Business Case

This Project Finance Agreement (including all exhibits and attachments hereto, this "Agreement") is dated as of the date set forth on the first page of this Agreement, by and between the State Water Resources Control Board, an administrative and regulatory agency of the State of California (the "State Water Board"), and the Recipient identified on the first page of this Agreement:

WITNESSETH:

WHEREAS, the United States of America, pursuant to Title VI of the federal Water Pollution Control Act (as such has been and may be amended from time to time, the "Clean Water Act") requires each State to establish a water pollution control revolving fund to be administered by an instrumentality of the State as a condition to receipt of capitalization grants under the Clean Water Act; and

WHEREAS, the State of California (the "State") has established a Clean Water State Revolving Fund ("CWSRF") pursuant to Chapter 6.5 of Division 7 of the California Water Code (the "State Act") to be used for purposes of the Clean Water Act; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (ARRA) provides funding through the CWSRF for the purpose of projects that will preserve and create jobs and promote economic recovery, assist those most impacted by the recession, invest in environmental protection infrastructure that will provide long-term economic benefits; and

WHEREAS, ARRA authorizes subsidization for ARRA funds in the CWSRF over and above that authorized by the Clean Water Act, specifically principal forgiveness and interest rate savings; and

WHEREAS, the State Water Board will lose its ARRA allocation for the CWSRF if time schedule requirements set forth in ARRA are not met; and

WHEREAS, the State Water Board has the responsibility to administer the CWSRF and to provide financial assistance from the CWSRF to recipients for the construction of eligible projects, as provided in the State Act; and

WHEREAS, the State Water Board is responsible under the Clean Water Act and the State Act for determining the eligibility of projects for financial assistance from the CWSRF, determining a reasonable schedule for financing and construction of projects, and for ensuring compliance with the Clean Water Act and the terms and conditions of an applicable project finance agreement; and

WHEREAS, the Recipient has submitted to the State Water Board an application for financial assistance from the CWSRF, for the purpose of financing or refinancing the Project described below, and the State Water Board has reviewed and approved said application; and

WHEREAS, the Recipient has or will incur costs incurred in connection with, the planning, design, acquisition, construction and installation of the project or projects described in Exhibit A hereto (such projects being herein collectively referred to as the "Project"); and

WHEREAS, the Recipient understands that the terms of its obligation to repay this financial assistance depend significantly on compliance with the time schedule set forth in this Agreement; and

WHEREAS, on the basis of the Recipient's application and the representations and warranties set forth herein, the State Water Board proposes to assist in the financing of the costs of the Project and/or to refund outstanding bonds, notes or other debt obligations of the Recipient, if any, issued to finance the Project, and the Recipient desires to participate as a recipient of financial assistance from the CWSRF and evidence its obligation to repay, upon the terms and conditions as hereinafter set forth in this Agreement, all pursuant to the Clean Water Act and ARRA;

NOW, THEREFORE, in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the State Water Board and the Recipient, each binding itself, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions.

Unless otherwise specified, each capitalized term used in this Agreement (including the Exhibits hereto) has the following meaning:

"Additional Payments" means the Additional Payments described in Section 3.1(c) of this Agreement.

"Agreement" means the Project Finance Agreement, dated as of the date set forth on the first page hereof, by and between the State Water Board and the Recipient, including all exhibits and attachments thereto.

"Allowance" means an amount to help defray the planning, design, and construction engineering of the Project.

"Authorized Representative" means the duly appointed representative of the Recipient. For all authorized representatives, a certified original of the authorizing resolution that designates the authorized representative, by title, must accompany the first payment request, and any other documents or requests required or allowed under this Agreement.

"Bank" means the California Infrastructure and Economic Development Bank.

"Bonds" means any series of bonds issued by the Bank all or a portion of the proceeds of which may be applied to fund the Project in whole or in part or that are secured in whole or in part by Installment Payments paid hereunder.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor provisions and the regulations of the U.S. Department of the Treasury promulgated thereunder.

"Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete.

"Construction" includes, for the purposes of expanded use projects, implementation (but not planning or design).

"CWSRF" means Clean Water State Revolving Fund.

"Division" means the Division of Financial Assistance of the State Water Board, or any other segment of the State Water Board authorized to administer the CWSRF.

"Enterprise Fund" means the enterprise fund of the Recipient in which System Revenues are deposited.

"Fiscal Year" means the period of twelve (12) months terminating on June 30 of any year, or any other annual period hereafter selected and designated by the Recipient as its Fiscal Year in accordance with applicable law.

"Force Account" means the use of the Recipient's own employees or equipment for construction of the Project.

"Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project, or, for expanded use projects, any implementation other than planning or design.

"Installment Payments" means Installment Payments due and payable by the Recipient to the State Water Board under this Agreement to repay the Project Costs, the amounts of which are set forth as Exhibit C hereto.

"Net Revenues" means, for any Fiscal Year, so long as there may be outstanding System Obligations other than the Obligation, as such term is defined under the authorizing instruments for such System Obligations, and thereafter all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.

"Obligation" means the obligation of the Recipient to make Installment Payments and Additional Payments as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being used to fund the Project as specified in the Project Description attached hereto as Exhibit A and in the documents thereby incorporated by reference.

"Operations and Maintenance Costs" means, so long as outstanding System Obligations [other than the Obligation] are outstanding, the definition of such term as defined therein, and thereafter, the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

"Policy" means the State Water Board's "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities," as most recently amended, the State Water Board's "Strategy for Implementing State Revolving Fund for Expanded Use Projects", as appropriate, and Board Resolution 2009-0027.

"Project" means the Project as described in Exhibit A and in the documents thereby incorporated by reference.

"Project Completion" for the purposes of a wastewater or water recycling project, means the date, as determined by the Division after consultation with the Recipient, that operation of the Project is initiated or is capable of being initiated, whichever comes first. For the purposes of all other projects, "Project Completion" means the date that all tasks in Exhibit A are completed to the reasonable satisfaction of the Division. This date shall be synonymous with the date specified in the "Initiation of Operation" form submitted as part of the Approval of Award package, if any.

"Project Costs" means the incurred costs of the Recipient which are eligible for financial assistance from the CWSRF under the federal Clean Water Act, which are allowable costs as defined under the Policy and which are reasonable, necessary and allocable by the Recipient to the Project under generally accepted accounting principles, plus capitalized interest. For the purposes of all other projects, "Project Costs" means those costs incurred by the Recipient for the planning, design, and implementation of the project as set forth in Exhibit A; this includes any monitoring, reporting, education and outreach, or direct administrative costs associated with these tasks and deemed necessary by the Division.

"Project Funds" means funds disbursed by the State Water Board to the Recipient for purposes of this Agreement.

"Recipient" means the recipient of Project Funds, as identified on the front page of this Agreement.

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with generally accepted accounting principles, including all rates, fees and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"State" means State of California.

"State Water Board" means the State Water Resources Control Board, an administrative and regulatory agency of the State of California.

"System" means for the purposes of a wastewater project, all wastewater collection, transport, treatment, storage and disposal facilities, including land and easements thereof, owned by the Recipient, including the Project, and all other properties, structures or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed. For the purposes of a water recycling project, "System" means all wastewater, water recycling, and/or potable water collection, transport, treatment, storage and/or disposal facilities, including land and easements thereof, owned by the Recipient, including the Project, and all other properties, structures or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed. For the purposes of all other projects, "System" means all nonpoint source control or estuary enhancement facilities, including land and easements thereof, owned by the Recipient, including the Project, and all other properties, structures or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

"System Obligations" means the Obligation and all other senior, parity and subordinate obligations of the Recipient payable from Revenues as identified as of the date of this Agreement in Exhibit F and such additional obligations as may hereafter be issued in accordance with the provisions of such obligations.

1.2 Exhibits and Appendices Incorporated.

All exhibits and appendices to this Agreement, including any amendments and supplements hereto, are hereby incorporated herein and made a part of this Agreement.

ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1 General Recipient Commitments.

The Recipient accepts and agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments made by the Recipient in its application, accompanying documents, and communications filed in support of its request for financial assistance.

2.2 Completion of Project.

The Recipient agrees to expeditiously proceed with and complete construction of the Project in substantial accordance with Exhibit A.

2.3 Project Certification.

For wastewater or water recycling projects, one (1) year after initiation of operation, the Recipient shall certify to the State Water Board whether or not the Project, as of that date, meets applicable design specifications and effluent limitations. If the Recipient cannot certify that the Project meets such specifications and limitations at that time, the Recipient shall submit a corrective action report. The corrective action report shall include an estimate of the nature, scope, and cost of the corrective action, and a time schedule to expeditiously make all needed corrections, at the Recipient's expense, to allow affirmative certification for the Project.

For all other projects, the Recipient shall prepare a Project Certification that includes information collected by the Recipient in accordance with the Project monitoring and reporting plan, a determination of the effectiveness of the Project in preventing or reducing pollution, and the results of the monitoring program. The Project Certification shall follow the general format provided by the Program Manager.

Failure to submit a Project Certification, an affirmative certification, or a corrective action report that meets the above requirements and is satisfactory to the Division within fifteen (15) months of the Project Completion date will cause the State Water Board to stop processing any pending or future applications for new financial assistance, withhold payments on any existing financial assistance, and begin administrative proceedings pursuant to sections 13267 and 13268 of the Water Code.

2.4 Award of Construction Contracts.

- (a) The Recipient agrees to award the prime construction contract no later than the date specified in Exhibit A. Failure to meet this date will have serious consequences, as specified in Exhibit B.
- (b) The Recipient agrees to promptly notify the Division in writing both of the award of the prime construction contract for the Project and of Initiation of Construction of the Project.
- (c) The Recipient agrees to make all reasonable efforts to complete construction in substantial conformance with the terms of the contract by the Completion of Construction date established in Exhibit A. Such date shall be binding upon the Recipient unless modified in writing by the Division upon a showing of good cause by the Recipient. The Recipient shall deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date. The Division will not unreasonably deny such a timely request, but the Division will deny requests received after this time.

2.5 Notice.

The Recipient agrees to promptly notify the Division in writing of:

- (a) Litigation, circulation of a petition to challenge rates, consideration of bankruptcy, dissolution, or disincorporation, or any other thing that could negatively affect or jeopardize the Recipient's Revenues.
- (b) Any substantial change in scope of the Project. The Recipient agrees that no substantial change in the scope of the Project will be undertaken until written notice of the proposed change has been provided to the Division and the Division has given written approval for such change;

- (c) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
- (d) Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more beyond the estimated date of Completion of Construction previously provided to the Division;
- (e) Discovery of any potential archeological or historical resource. Should a potential archeological or historical resource be discovered during construction of the Project, the Recipient agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient agrees to implement appropriate actions as directed by the Division;
- (f) Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
- (g) Any monitoring, demonstration, or other implementation activities such that the State Water Board and/or Regional Water Quality Control Board (Regional Water Board) staff may observe and document such activities;
- (h) Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state and federal representatives with at least ten (10) working days notice; and,
- (i) Completion of Construction of the Project, and actual Project Completion.

2.6 Project Access.

The Recipient agrees to insure that the State Water Board, the Governor of the State, the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, the President of the United States, or any authorized representative of the foregoing, will have suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of the Obligation. The Recipient acknowledges that the Project records and locations are public records.

2.7 Project Completion; Initiation of Operations.

Upon Completion of Construction of the Project, the Recipient agrees to expeditiously initiate Project operations. The Recipient agrees to make all reasonable efforts to meet the Project Completion date established in Exhibit A. Such date shall be binding upon the Recipient unless modified in writing by the Division upon a showing of good cause by the Recipient. The Recipient shall deliver any request for extension of the Project Completion date no less than 90 days prior to the Project Completion date. The Division will not unreasonably deny such a timely request, but the Division will deny requests received after this time.

2.8 Continuous Use of Project; Lease or Disposal of Project.

The Recipient agrees that, except as provided in the Agreement, it will not abandon, substantially discontinue use of, lease, or dispose of the Project or any significant part or portion thereof during the useful life of the Project without prior written approval of the Division. Such approval may be

conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all Project Funds together with accrued interest and any penalty assessments which may be due.

2.9 Reports.

- (a) Quarterly Reports. The Recipient agrees to expeditiously provide status reports no less frequently than quarterly, starting with the execution of this Agreement. At a minimum the reports will contain the following information: a summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed; a listing of change orders including amount, description of work, and change in contract amount and schedule; any problems encountered, proposed resolution, schedule for resolution, status of previous problem resolutions, and number of jobs created or preserved due to the Project.
- (b) As Needed Reports. The Recipient agrees to expeditiously provide, during the term of this Agreement, such reports, data, and information as may be reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the CWSRF Program or to fulfill any reporting requirements of the federal government.

2.10 Federal Disadvantaged Business Enterprise (DBE) Reporting.

The Recipient agrees to report DBE utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334. Reports must be submitted to the Division semiannually within ten (10) calendar days following April 1 and October 1 until such time as the "Notice of Completion" is issued.

2.11 Records.

- (a) Without limitation of the requirement to maintain Project accounts in accordance with generally accepted accounting principles the Recipient agrees to:
 - (1) Establish an official file for the Project which shall adequately document all significant actions relative to the Project;
 - (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
 - (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
 - (4) Establish an accounting system which will accurately depict final total costs of the Project, including both direct and indirect costs;
 - (5) Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (6) If Force Account is used by the Recipient for any phase of the Project, other than for planning, design and construction engineering, and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee.

- (b) The Recipient shall be required to maintain books, records and other material relative to the Project in accordance with generally accepted accounting principles. The Recipient shall also be required to retain such books, records, and other material for each subcontractor who performed work on this project for a minimum of six (6) years after repayment of Project Funds. The Recipient shall require that such books, records, and other material be subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the Bureau of State Audits, the United States Environmental Protection Agency, the Office of Inspector General, or any authorized representatives of the aforementioned, and shall allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar right regarding audit, interviews, and records retention in any subcontract related to the performance of this Agreement.

2.12 Audit.

- (a) The Division, at its option, may call for an audit of financial information relative to the Project, where the Division determines that an audit is desirable to assure program integrity or where such an audit becomes necessary because of federal requirements. Where such an audit is called for, the audit shall be performed by a certified public accountant independent of the Recipient and at the cost of the Recipient. The audit shall be in the form required by the Division.
- (b) Audit disallowances will be returned to the State Water Board.

2.13 Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of 3/4 inch thick exterior grade plywood or other approved material in a prominent location on the Project site. The sign shall include the following color logos:



(logos available from the Division) and the following disclosure statement:

Funding for this project has been provided in full or in part by the American Recovery and Reinvestment Act of 2009 and the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board.

The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

Include the following disclosure statement in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily

reflect the views and policies of the State Water Resources Control Board, nor does mention of trade names or commercial products constitute endorsement or recommendation for use. (Gov. Code § 7550, 40 CFR § 31.20.)

ARTICLE III FINANCING PROVISIONS

3.1 Amounts Payable by the Recipient.

- (a) **Installment Payments.** Repayment of the Project Funds, together with all interest accruing thereon, shall be repaid in annual installments commencing on the date that is one (1) year after Completion of Construction, and shall be fully amortized by the date specified in Exhibit B.

The repayment amount is based on a standard fully amortized assistance amount with equal annual repayments. The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, less the repayment. Repayment calculations will be made beginning one (1) year after Completion of Construction and shall be fully amortized not later than the date specified in Exhibit B. Exhibit C is a CWSRF Payment Schedule based on the provisions of this article and an estimated disbursement schedule. The actual repayments will be based on actual disbursements.

Upon Completion of Construction and submission of necessary reports, the Division will prepare an appropriate CWSRF Payment Schedule and supply the same to the Recipient. The CWSRF Payment Schedule may be amended as necessary to accurately reflect amounts due under this Agreement. Any amended CWSRF Payment Schedule which is necessary will be prepared by the Division and furnished to the Recipient.

The Recipient agrees to make each installment payment on or before the due date therefor. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred to the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other costs incurred. Penalties assessed will not change the principal balance of the financing Agreement. Such penalties will be treated as a separate receivable in addition to the annual payment due. For purposes of penalty assessment, repayment will be deemed to have been made if repayment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the repayment due date.

The Recipient as a whole is obligated to make all payments required by this Agreement to the State Water Board, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. The Recipient shall provide for the punctual payment to the State Water Board of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any money collected on account of such Charge necessary to satisfy any amount due under this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the money collected therefrom to the State Water Board. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

Attached as Exhibit C is a CWSRF Payment Schedule based on the provisions of this section and an estimated disbursement schedule. CWSRF Payment Schedule will be revised based on actual disbursements following Completion of Construction.

Each Installment Payment shall be paid by check and in lawful money of the United States of America.

The Recipient agrees that it shall not be entitled to interest earned on undisbursed project funds. Upon execution of this Agreement, the State Water Board shall encumber an amount equal to the Obligation. The Recipient hereby agrees to pay Installment Payments and Additional Payments from Net Revenues and/or other amounts legally available to the Recipient therefor. Interest on any funds disbursed to the Recipient shall begin to accrue as of the date of each disbursement.

- (b) **Project Costs.** The Recipient agrees to pay any and all costs connected with the Project including, without limitation, any and all Project Costs. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient shall nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.
- (c) **Additional Payments.** In addition to the Installment Payments required to be made by the Recipient, the Recipient shall also pay to the State Water Board the reasonable extraordinary fees and expenses of the State Water Board, and of any assignee of the State Water Board's right, title and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, attorneys, litigation costs, insurance premiums and all other extraordinary costs reasonably incurred by the State Water Board or assignee of the State Water Board.

Additional Payments may be billed to the Recipient by the State Water Board from time to time, together with a statement executed by a duly authorized representative of the State Water Board, stating that the amounts billed pursuant to this section have been incurred by the State Water Board or its assignee for one or more of the above items and a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Recipient within thirty (30) days after receipt of the bill by the Recipient.

- (d) The Recipient may without penalty prepay all or any portion of the outstanding principal amount of the Obligation provided that the Recipient shall also pay at the time of such prepayment all accrued interest on the principal amount prepaid through the date of prepayment.

3.2 Obligation Absolute.

The obligation of the Recipient to make the Installment Payments and other payments required to be made by it under this Agreement, from Net Revenues and/or other amounts legally available to the Recipient therefor, is absolute and unconditional, and until such time as the Installment Payments and Additional Payments have been paid in full, the Recipient shall not discontinue or suspend any Installment Payments or other payments required to be made by it hereunder when due, whether or not the System or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

3.3 No Obligation of the State.

Any obligation of the State Water Board herein contained shall not be an obligation, debt or liability of the State and any such obligation shall be payable solely out of the moneys in the CWSRF made available pursuant to this Agreement.

3.4 Disbursement of Project Funds; Availability of Funds.

(a) Except as may be otherwise provided in this Agreement, disbursement of Project Funds will be made as follows:

- (1) Upon execution and delivery of this Agreement, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance as specified in Exhibit B from the Project Funds through submission to the State Water Board of the Disbursement Request Form 260, or any amendment thereto, duly completed and executed. Eligible planning and design costs incurred prior to the start date of this Agreement may be funded. Such costs incurred prior to October 1, 2008, will be funded with non-ARRA monies.
- (2) The Recipient may request disbursement of eligible construction and equipment costs consistent with budget amounts referenced in Exhibit B. (Note that this Agreement will be amended to incorporate Approval of Award.)
- (3) Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Disbursement Request Form 260, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of status reports due under Section 2.9 above.
- (4) The Recipient agrees that it will not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of disbursement request.
- (5) Recipient shall spend Project Funds within 30 days of receipt. Any interest earned on Project Funds shall be reported to the State Water Board and may be required to be returned to the State Water Board or deducted from future disbursements.
- (6) Recipient shall request its final disbursement no later than six months after Completion of Construction unless prior approval is granted by the Division. If the Recipient fails to do so, then the undisbursed balance of this Agreement will be deobligated.
- (7) Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.

(b) The State Water Board's obligation to disburse Project Funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of Project Funds, the State Water Board shall not be obligated to make any disbursements to the Recipient under this Agreement. This provision shall be construed as a condition precedent to the obligation of the State Water Board to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Recipient with a right of priority for disbursement over any other agency. If any disbursements due the Recipient under this contract are deferred because sufficient funds are

unavailable, such disbursement will be made to the Recipient when sufficient funds do become available.

3.5 Withholding of Disbursements.

- (a) The State Water Board may withhold all or any portion of the funds provided for by this Agreement in the event that:
 - (1) The Recipient has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this Agreement; or
 - (2) The Recipient fails to maintain reasonable progress toward completion of the Project.
- (b) For the purposes of this section, the terms "material violation" or "threat of material violation" include, but are not limited to:
 - (1) Placement on the ballot of an initiative to reduce revenues securing this Agreement;
 - (2) Passage of such an initiative;
 - (3) Successful challenges by ratepayer(s) to the process used by Recipient to set, dedicate, or otherwise secure revenues used for securing this Agreement; or
 - (4) Any other action or lack of action that may be construed as a material violation or threat thereof.

3.6 Pledge; Rates, Fees and Charges; Additional Debt.

- (a) Establishment of Enterprise Fund. In order to carry out its System Obligations, including the Obligation, the Recipient agrees and covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Revenues received shall be deposited when and as received in trust in the Enterprise Fund. This requirement applies to Recipients that are public agencies.
- (b) Pledge of Net Revenues. The Obligation hereunder shall be secured by a lien on and pledge of Net Revenues in priority as specified in Exhibit F. The Recipient hereby pledges and grants such lien on and pledge of Net Revenues to secure the Obligation, including payment of Installment Payments and Additional Payments hereunder. The Net Revenues shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Recipient.
- (c) Application and Purpose of the Enterprise Fund. Subject to the provisions of any outstanding System Obligations, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due and payable with respect to the System Obligations. After making all payments hereinabove required to be made in each Fiscal Year, the Recipient may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Recipient, including payment of subordinate debt. The requirements of this paragraph apply to public agency Recipients.
- (d) Rates, Fees and Charges. The Recipient agrees, to the extent permitted by law, to fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair and nondiscriminatory and which will be at least sufficient to yield during each Fiscal Year Net Revenues equal to the debt service on System Obligations, including the

Obligation, for such Fiscal Year. The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section. The Recipient agrees to promptly challenge any initiative that would impair the Obligation and publicly state its opposition to any rate challenges. The requirements of this paragraph apply to public agency Recipients.

- (e) Future Local Debt. The applicant's future debt may not be senior to CWSRF debt. The applicant's future local debt may be on parity with the CWSRF debt if the following conditions are met:
- (1) The applicant's net revenues pledged to pay all senior debts relying on the pledged revenue source are at least 1.2 times the highest year's debt service and net revenues pledged to pay all debts are at least 1.1 times the highest year's debt service; and
 - (2) One of the following conditions is met:
 - (A) The Recipient's proposed parity Additional Obligation is rated "A," or higher, by at least two nationally recognized rating agencies; or
 - (B) The Recipient is a disadvantaged community and the Division determines that it would be economically burdensome for the agency to obtain nationally recognized ratings for its parity debt; or
 - (C) The Recipient is a disadvantaged community and the Division determines that requiring the proposed Additional Obligations to be subordinate to the Recipient's Obligations hereunder will unduly restrict the Recipients from obtaining future system debt necessary for water quality improvements.

3.7 Accounting Standards and Federal Single Audit Act.

The Recipient agrees to comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient agrees to be bound by and to comply with, the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L.98-502) Office of Management and Budget (OMB) Circular No. A-133, and updates or revisions, thereto. The Recipient will maintain separate Project accounts in accordance with generally accepted accounting principles. The Recipient shall comply with "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" promulgated by the U.S. General Accounting Office. (40 CFR § 35.3135(I).)

3.8 Federal or State Assistance.

If federal or state funding for Project Costs is made available to the Recipient from sources other than the CWSRF, the Recipient may retain such funding up to an amount which equals the Recipient's local share of Project Costs. To the extent allowed by requirements of other funding sources, any funding received in excess of the Recipient's local share, not to exceed the total amount of the CWSRF financing assistance, shall be remitted to the State Water Board to be applied to Installment Payments due hereunder.

ARTICLE IV TAX COVENANTS

4.1 Governmental Unit.

The Recipient is a state or local governmental unit as defined in Section 1.103-1 of the Treasury Regulations or an instrumentality thereof (a "Governmental Unit") and is not the federal government or any agency or instrumentality thereof. The Recipient exclusively owns and, except as provided in Section 4.7 hereof, operates the Project.

4.2 Temporary Period.

The Recipient reasonably expects that at least eighty-five percent (85%) of the Project Funds will be allocated to expenditures for the Project within three (3) years of the earlier of the effective date of this Agreement or the date the Bonds are issued ("Applicable Date"). The Recipient has incurred, or reasonably expects that it will incur within six (6) months of the Applicable Date, a substantial binding obligation (i.e., not subject to contingencies within the control of the Recipient or a related party) to a third party to expend at least five percent (5%) of the Project Funds on the costs of the Project. The completion of acquisition, construction, improvement and equipping of the Project and the allocation of Project Funds to expenditures for the Project will proceed with due diligence.

4.3 Working Capital.

No operational expenditures of the Recipient or any related entity are being, have been or will be financed or refinanced with Project Funds.

4.4 Expenditure of Proceeds.

Project Funds shall be used exclusively for the following purposes: (i) architectural, engineering, surveying, soil testing, and similar costs paid with respect to the Project incurred prior to the commencement of construction and in an aggregate amount not exceeding twenty percent (20%) of the Project Funds, (ii) capital expenditures relating to the Project originally paid by the Recipient on or after the date hereof, (iii) interest on the Obligation through the later of three (3) years after the Applicable Date or one (1) year after the Project is placed in service, and (iv) initial operating expenses directly associated with the Project in the aggregate amount not more than five percent (5%) of the Project Funds.

4.5 Private Use and Private Payments.

None of the Project Funds or the Project are, have been or will be used in the aggregate for any activities that constitute a Private Use (as defined below). None of the principal of or interest with respect to the Installment Payments will be secured by any interest in property (whether or not the Project) used for a Private Use or in payments in respect of property used for a Private Use, or will be derived from payments in respect of property used for a Private Use. "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities, other than a Governmental Unit. The leasing of the

Project or the access by or the use of a person or entity other than a Governmental Unit on a basis other than as a member of the general public shall constitute a Private Use.

4.6 No Disproportionate or Unrelated Use.

None of the Project Funds or the Project are, have been or will be used for a Private Use that is unrelated or disproportionate to the governmental use of the Project Funds.

4.7 Management and Service Contracts.

With respect to management and service contracts, the determination of whether a particular use constitutes Private Use shall be determined on the basis of applying Section 1.141-3(b)(4) of the Treasury Regulations and Revenue Procedure 97-13 and other applicable rules and regulations. As of the date hereof, none of the Project Funds or the Project are being used to provide property subject to contracts or other arrangements with persons or entities engaged in a trade or business (other than Governmental Units) that involve the management of property or the provision of services that do not comply with the standards of the Treasury Regulations and Revenue Procedure 97-13.

Except to the extent the Recipient has received an opinion of counsel expert in the issuance of state and local government bonds the interest on which is excluded from gross income under Section 103 of the Code ("Nationally-Recognized Bond Counsel") and satisfactory to the State Water Board and the Bank to the contrary, the Recipient will not enter into any management or service contracts with any person or entity that is not a Governmental Unit for services to be provided with respect to the Project except with respect to contracts where the following requirements are complied with: (i) the compensation is reasonable for the services rendered; (ii) the compensation is not based, in whole or in part, on a share of net profits from the operation of the Project; (iii) not more than twenty percent (20%) of the voting power of the Recipient in the aggregate may be vested in the service provider and its directors, officers, shareholders and employees and vice versa; (iv) any overlapping board members between the Recipient and the service provider must not include the chief executive officer or executive director of either, or their respective governing bodies; and (v):

- (a) At least ninety-five percent (95%) of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee which is a stated dollar amount for services rendered for a specified period of time. The stated dollar amount may automatically increase according to a specified objective external standard that is not linked to the output or efficiency of a facility, e.g., the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective external standards. A fee shall not fail to qualify as a periodic fixed fee as a result of a one (1) time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is a single stated dollar amount. The term of the contract, including all renewal options, must not exceed the lesser of eighty percent (80%) of the reasonably expected useful life of the financed property and fifteen (15) years (twenty (20) years for "public utility property" within the meaning of Section 168(i)(10) of the Code);
- (b) At least eighty percent (80%) of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee. The term of the contract, including all renewal options, must not exceed the lesser of eighty percent (80%) of the reasonably expected useful life of the financed property and ten (10) years. A one (1) time incentive award during the term of the contract similar to the award described in subsection (a) above is permitted under this option as well;
- (c) At least fifty percent (50%) of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee or all of the compensation for services is based on a capitation fee or combination of a periodic fixed fee and a capitation fee. A capitation fee is a fixed

periodic amount for each person for whom the service provider or the Recipient assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to covered persons vary substantially; e.g., a fixed dollar amount payable per month to a service provider for each member of a plan for whom the provider agrees to provide all needed services for a specified period. A capitation fee may include a variable component of up to twenty percent (20%) of the total capitation fee designed to protect the service provider against risks such as catastrophic loss. The term of the contract, including all renewal options, must not exceed five (5) years. The contract must be terminable by the Recipient on reasonable notice without penalty or cause, at the end of the third year of the contract;

- (d) All of the compensation for services is based on a per-unit fee or a combination of a per-unit fee and a periodic fee. A per-unit fee is defined to mean a fee based on a unit of service provided as specified in the contract or otherwise specifically determined by an independent third party, such as the administrator of the program or the Recipient; e.g., a stated dollar amount for each specified procedure performed, car parked or passenger mile is a per-unit fee. The term of the contract, including all renewal options, must not exceed three (3) years. The contract must be terminable by the Recipient on reasonable notice, without penalty or cause, at the end of the second year of the contract term; or
- (e) All of the compensation for services is based on a percentage of fees charged or a combination of a per-unit fee and a percentage of revenue or expense fee. During the start up period, however, compensation may be based on a percentage of either gross revenues, adjusted gross revenues or expenses of a facility. The term of the contract, including renewal options, must not exceed two (2) years. The contract must be terminable by the Recipient on reasonable notice without penalty or cause, at the end of the first year. This type of contract is permissible only with respect to contracts under which the service provider primarily provides services to third parties, and management contracts involving a facility during an initial start-up period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues and expenses (e.g., a contract for general management services for the first year of the operations).

If the compensation terms of a management or service contract are materially revised, the requirements for compensation terms must be retested as of the date of the material revision and the management or service contract is treated as one that was newly entered into as of the date of the material revision.

A renewal option, for purposes of the foregoing, is defined to mean a provision under which the service provider has a legally enforceable right to renew the contract. Thus, for example, a provision under which a contract is automatically renewed for one (1) year periods absent cancellation by either party is not a renewal option, even if it is expected to be renewed.

A cancellation penalty is defined to include a limitation on the Recipient's ability to compete with the service provider, a requirement that the Recipient purchase equipment, goods or services from the service provider, and a requirement that the Recipient pay liquidated damages for cancellation of the contract; in comparison, a requirement effective on cancellation that the Recipient reimburse the service provider for ordinary and necessary expenses or a restriction against the Recipient hiring key personnel of the service provider is generally not a contract termination penalty. Another contract between the service provider and the Recipient, such as an Installment Sale Agreement or guarantee by the service provider, is treated as creating a contract termination penalty if that contract contains terms that are not customary or arm's length, that could operate to prevent the Recipient from terminating the contract (e.g., provisions under which the contract terminates if the management contract is terminated or that places substantial restrictions on the selection of a substitute service provider).

The service provider must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

4.8 No Disposition of Financed Property.

The Recipient does not expect to sell or otherwise dispose of any portion of the Project, in whole or in part, prior to the final maturity date of the Obligation.

4.9 Useful Life of Project.

The economic useful life of the Project, commencing at Project Completion, is at least equal to the term of this Agreement, as set forth on Exhibit B hereto.

4.10 Installment Payments.

Installment Payments generally are expected to be derived from current revenues of the Recipient in each year, and current revenues are expected to equal or exceed debt service on the Obligation during each payment period.

4.11 No Other Replacement Proceeds.

The Recipient will not use any of the Project Funds to replace funds of the Recipient which are or will be used to acquire investment property reasonably expected to produce a yield that is materially higher than the yield on the Bonds.

4.12 [reserved]

4.13 Change in Use.

The Recipient reasonably expects to use all Project Funds and the Project for the entire stated term to maturity of the Obligation. Absent an opinion of Nationally-Recognized Bond Counsel to the effect that such use of Project Funds will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code, the Recipient will use the property financed or refinanced with Project Funds solely as set forth in the Agreement.

4.14 No Federal Guarantee.

The Recipient will not directly or indirectly use any of the Project Funds that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

4.15 No Notices or Inquiries From IRS.

The Recipient has not received any notice or inquiry by the Internal Revenue Service within the last ten (10) years regarding any obligations issued by the Recipient, the interest on which obligations is excludable from federal income taxation.

4.16 Amendments; Application.

The provisions in this Article may be amended or supplemented at any time to reflect changes in the Code upon obtaining an opinion of Nationally-Recognized Bond Counsel that such amendment will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code. The provisions in this Article shall apply to a Recipient only if any portion of the Project Funds is derived from proceeds of Bonds.

4.17 Reasonable Expectations.

To the best of my knowledge, information and belief, and based on the facts and estimates as set forth in the tax covenants in this Article, the expectations of the Recipient as set forth in this Article are reasonable. The Recipient is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in the provisions in this Article.

ARTICLE V MISCELLANEOUS PROVISIONS

5.1 Timeliness.

TIME IS OF THE ESSENCE IN THIS AGREEMENT.

5.2 Amendment.

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in this Agreement is binding on any of the parties.

5.3 Assignability.

This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State in the form of a formal written amendment.

5.4 Bonding.

Where contractors are used, the Recipient shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$20,000.00.

5.5 Compliance with Law, Regulations, etc.

- (a) The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, the Recipient agrees that, to the extent applicable, the Recipient will:
- (1) Comply with the provisions of the adopted environmental mitigation plan for the term of this Agreement;
 - (2) Comply with the State Water Board's "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities", as amended from time to time;
 - (3) Comply with and require its contractors and subcontractors on the Project to comply with federal disadvantaged business enterprise (DBE) requirements; and
 - (4) Comply with and require its contractors and subcontractors to comply with the list of federal laws certified to by the Recipient.

5.6 Conflict of Interest.

The Recipient certifies that it is in compliance with applicable state and/or federal conflict of interest laws.

5.7 Damages for Breach Affecting Tax Exempt Status or ARRA Compliance.

- (a) In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the loss of tax exempt status for any state bonds, or if such breach shall result in an obligation on the part of the State to reimburse the federal government by reason of any arbitrage profits, the Recipient shall immediately reimburse the state in an amount equal to any damages paid by or loss incurred by the state due to such breach.
- (b) In the event that any breach of any of the provisions of this Agreement by the Recipient shall result in the failure of Project Funds to be used pursuant to the provisions of ARRA, or if such breach shall result in an obligation on the part of the State to reimburse the federal government, the Recipient shall immediately reimburse the State in an amount equal to any damages paid by or loss incurred by the State due to such breach.

5.8 Disputes.

- (a) Any dispute arising under this Agreement which is not otherwise disposed of by agreement shall be decided by the Division Deputy Director, or his or her authorized representative. The decision shall be reduced to writing and a copy thereof furnished to the Recipient and to the State Water Board's Executive Director. The decision of the Division shall be final and conclusive unless, within thirty (30) calendar days after mailing of the Division decision to the Recipient, the Recipient mails or otherwise furnishes a written appeal of the decision to the State Water Board's Executive Director. The decision of the State Water Board's Executive Director shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal under this clause, the Recipient shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Recipient shall continue to fulfill and comply with all the terms, provisions, commitments, and requirements of this Agreement.
- (b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.
- (c) Recipient shall continue with the responsibilities under this Agreement during any dispute.

5.9 Governing Law.

This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

5.10 Income Restrictions.

The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient under this Agreement shall be paid by the Recipient to the State, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State under this Agreement.

5.11 Independent Actor.

The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees or agents of the State Water Board.

5.12 Non-Discrimination Clause.

- (a) During the performance of this Agreement, Recipient and its contractors and subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave.
- (b) The Recipient, its contractors, and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.
- (c) The Recipient, its contractors, and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full.
- (d) The Recipient, its contractors, and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.
- (e) The Recipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

5.13 No Third Party Rights.

The parties to this Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation or undertaking established herein.

5.14 Operation and Maintenance; Insurance.

The Recipient agrees to properly staff, operate and maintain all portions of the Project during its useful life in accordance with all applicable state and federal laws, rules and regulations.

The Recipient will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by the maintenance of a self-insurance plan so long as any such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund funded in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Recipient shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens. If such net proceeds are insufficient to enable the Recipient to pay all remaining unpaid principal portions of the Installment Payments, the Recipient shall provide additional funds to restore or replace the damaged portions of the System.

5.15 Permits, Subcontracting, Remedies and Debarment.

The Recipient shall procure all permits and licenses necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses shall be submitted to the Division before construction begins.

Any subcontractors, outside associates, or consultants required by the Recipient in connection with the services covered by this Agreement shall be limited to such individuals or firms as were specifically identified and agreed to during negotiations for this Agreement, or as are specifically authorized by the State Water Board's Project Representative during the performance of this Agreement. Any substitutions in, or additions to, such subcontractors, associates, or consultants, shall be subject to the prior written approval of the State Water Board's Project Representative.

The Recipient shall not subcontract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension". The Recipient shall not subcontract with any individual or organization on USEPA's List of Violating Facilities. (40 CFR, Part 31.35, Gov. Code 4477)

The Recipient certifies to the best of its knowledge and belief, that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
- (b) Have not within a three (3) year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three (3) year period preceding this application/proposal had one or more public transactions (federal, state or local) terminated for cause or default.

5.16 Prevailing Wages & Davis Bacon.

The Recipient agrees to be bound the provisions of Davis-Bacon, as identified in Exhibit H. To the extent non-ARRA Project Funds are made available under this Agreement, the Recipient agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages.

5.17 Recipient's Responsibility for Work.

The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for any and all disputes arising out of its contracts for work on the Project. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.

5.18 Related Litigation.

Under no circumstances may a Recipient use funds from any disbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Board. Regardless of the outcome of any such litigation, and notwithstanding any conflicting language in this Agreement, the Recipient agrees to complete the Project funded by this Agreement or to repay all of the disbursed funds plus interest.

5.19 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request. (40 CFR 31.34, 31.36)

5.20 State Reviews and Indemnification

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend and hold harmless the State Water Board, and any trustee and their officers, employees and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct or management of, work done in or about, or the planning, design, acquisition, installation or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the California Hazardous Waste Control Law and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the

transactions contemplated by this Agreement. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section shall survive the discharge of the Recipient's Obligation hereunder.

5.21 State Water Board Action; Costs and Attorney Fees.

The Recipient agrees that any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State Water Board as a result of breach of this Agreement by the Recipient, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the State Water Board shall not preclude the State Water Board from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own filing costs and attorney fees.

5.22 Termination; Immediate Repayment; Interest.

- (a) This Agreement will automatically terminate without written notice if the Recipient fails to meet the timelines in Exhibit A and the ARRA provisions of Exhibit E. Under such circumstance, the Recipient shall immediately repay all Project Funds received under this Agreement, at the highest legal rate of interest.
- (b) Additionally, this Agreement may be terminated by written notice during construction of the Project, or thereafter at any time prior to complete repayment by the Recipient, at the option of the State Water Board, upon violation by the Recipient of any material provision of this Agreement after such violation has been called to the attention of the Recipient and after failure of the Recipient to bring itself into compliance with the provisions of this Agreement within a reasonable time as established by the Division. In the event of such termination, the Recipient agrees, upon demand, to immediately repay to the State Water Board an amount equal to Installment Payments due hereunder, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Recipient to the date of full repayment by the Recipient.

5.23 Unenforceable Provision.

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

5.24 Useful Life.

The economic useful life of the Project, commencing at Project Completion, is at least equal to the term of this Agreement, as set forth in Exhibit B hereto.

5.25 Venue.

The State Water Board and the Recipient hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California.

5.26 Waiver and Rights of the State Water Board.

Any waiver of rights by the State Water Board with respect to a default or other matter arising under the Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter.

Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

BEAUMONT CHERRY VALLEY WATER DISTRICT:

By: _____

Name: Ryan Woll

Title: Secretary

Date: _____

STATE WATER RESOURCES CONTROL BOARD

By: _____

Name: Barbara Evoy

Title: Deputy Director, Division of Financial Assistance

Date: _____

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

BEAUMONT CHERRY VALLEY WATER DISTRICT:

By: _____

Name: Ryan Woll

Title: Secretary

Date: _____

STATE WATER RESOURCES CONTROL BOARD

By: _____

Name: Barbara Evoy

Title: Deputy Director, Division of Financial Assistance

Date: _____

EXHIBIT A – Scope of Work & Incorporated Documents

1. The Recipient agrees to start construction no later than **September 7, 2009**.

TIME IS OF THE ESSENCE. Failure to meet this date will result in automatic termination of this agreement with immediate repayment due.

2. Completion of Construction date to be determined.
3. The Project Completion date to be determined.
4. The Project, commonly known as **Recycled Water Facilities Project** generally consists of **construction of recycled water storage and distribution system facilities necessary to provide approximately 3,786 acre feet per year (AFY)**, as more particularly described in the financial assistance application of the Agency and the accepted plans and specifications for the Project, if any.
5. Incorporated by reference into this Agreement are the following documents:
 - (a) the Facilities Plan Approval Letter of **June 5, 2009**;
 - (b) the Preliminary Funding Commitment of **June 10, 2009**;
 - (c) the Final Plans & Specification, which are the basis for the construction Contract to be awarded by the Recipient (Agreement will be amendment to incorporate such document); and
 - (d) the National Pollutant Discharge Elimination System Permit No. **CA 0105376, Order No. R8-2006-0003**.
6. The Recipient shall submit annual reports for a period commencing with Completion of Construction through one (1) full year after all proposed recycled water users included in the Project are connected for service (minimum five [5] years).
 - (a) Reports will be submitted in hard copy and electronically.
 - (b) The first annual report is due on February 28th following the first complete calendar year of operation and shall cover the period from the Completion of Construction through the end of the first full calendar year thereafter. Subsequent annual reports are due by February 28th following the year covered. The annual reports shall be prepared in accordance with the "Water Recycling Funding Guidelines", dated July 2008, or any successor guidelines.
 - (c) The reports shall briefly review the operation of the Project during the preceding year, identify current users and user contracts, provide monthly Project water deliveries to each user, the amount of fresh/potable water usage offset by the use of recycled water, and monthly amounts of water from each source delivered through Project facilities, list the funds received from other State and federal agencies for this Project during the period by agency, the amount, type of assistance (grants, loans, etc.), and a description of the facilities, components, and items the funds were used for; list the power and maintenance costs associated with the Project for the period, indicate current plans and programs for use of any Project capacity not under contract, summarize Project financial experience, describe compliance with any special conditions of this contract; describe direct and indirect benefits of the project to the state/local water supply and economy; describe other

benefits and challenges arising from the project; and provide such other information as may be reasonably required to evaluate Project benefits and use of Project facilities.

EXHIBIT B – Project Financing Amount

1. **Estimated Reasonable Cost.** The estimated reasonable cost of the total Project, including associated planning and design costs, is **sixteen million, one hundred eight thousand, one hundred dollars and no cents (\$16,108,100.00)**.
2. **Project Funding.** Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds in the amount of **sixteen million, one hundred eight thousand, one hundred dollars and no cents (\$16,108,100.00)**.
3. **Repayment and Interest Rate.** The Recipient agrees to repay all Project Funds according to the schedule in Exhibit C at an **estimated** interest rate of **forty-six thousandth percent (0.046%)** per annum and an Administrative Service Charge of **zero percent (0%)** per annum.
4. The term of this agreement is from the date specified on the first page of this document to **June 10, 2009 to July 1, 2030**.
5. Budget costs are contained in the Project Cost Table, which is part of the Eligibility Determination Approval or Approval of Award Letter(s) in Exhibit A.1. **(This Agreement will be amended to incorporate such document.)**
6. Preliminary budget costs are as follows: Allowances (Soft Costs): **\$1,221,200.00**

Construction costs and disbursements are not available until after this Agreement has been amended to incorporate the Approval of Award/Eligibility Determination Approval.

Any construction expenses incurred by the Recipient prior to such amendment of this Agreement are at the Recipient's risk. Failure to begin construction according to the timelines set forth in Exhibit A will require the Recipient to repay to the State Water Board all disbursed Project Funds, including Planning and Design funds.

EXHIBIT C - CWSRF Payment Schedule

See the attached preliminary CWSRF Payment Schedule dated **June 17, 2009**. The final CWSRF Payment Schedule will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

Loan Schedule

Loan No. 5157-110 - Beaumont-Cherry Valley WD
 Contract: 08853 - based on Actual + Projected Disbursements
 RECYCLED WATER FACILITIES

Principal is paid over: 20 Years
 Loan repayment interest rate: 0.04600%

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate %	Interest Payment	Loan Payment	Total Payment	Annual Payment	Ending Balance	CPI Interest
1	7/1/2011		800,768.42	0.046	8,591.71	809,360.13	809,360.13	809,360.13	15,307,331.58	0.00
2	7/1/2012		802,318.76	0.046	7,041.37	809,360.13	809,360.13	809,360.13	14,505,012.82	0.00
3	7/1/2013		802,687.82	0.046	6,672.31	809,360.13	809,360.13	809,360.13	13,702,325.00	0.00
4	7/1/2014		803,057.06	0.046	6,303.07	809,360.13	809,360.13	809,360.13	12,899,267.94	0.00
5	7/1/2015		803,426.47	0.046	5,933.66	809,360.13	809,360.13	809,360.13	12,095,841.47	0.00
6	7/1/2016		803,796.04	0.046	5,564.09	809,360.13	809,360.13	809,360.13	11,292,045.43	0.00
7	7/1/2017		804,165.79	0.046	5,194.34	809,360.13	809,360.13	809,360.13	10,487,879.64	0.00
8	7/1/2018		804,535.71	0.046	4,824.42	809,360.13	809,360.13	809,360.13	9,683,343.93	0.00
9	7/1/2019		804,905.79	0.046	4,454.34	809,360.13	809,360.13	809,360.13	8,878,438.14	0.00
10	7/1/2020		805,276.05	0.046	4,084.08	809,360.13	809,360.13	809,360.13	8,073,162.09	0.00
11	7/1/2021		805,646.48	0.046	3,713.65	809,360.13	809,360.13	809,360.13	7,267,515.61	0.00
12	7/1/2022		806,017.07	0.046	3,343.06	809,360.13	809,360.13	809,360.13	6,461,498.54	0.00
13	7/1/2023		806,387.84	0.046	2,972.29	809,360.13	809,360.13	809,360.13	5,655,110.70	0.00
14	7/1/2024		806,758.78	0.046	2,601.35	809,360.13	809,360.13	809,360.13	4,848,351.92	0.00
15	7/1/2025		807,129.89	0.046	2,230.24	809,360.13	809,360.13	809,360.13	4,041,222.03	0.00
16	7/1/2026		807,501.17	0.046	1,858.96	809,360.13	809,360.13	809,360.13	3,233,720.86	0.00
17	7/1/2027		807,872.62	0.046	1,487.51	809,360.13	809,360.13	809,360.13	2,425,848.24	0.00
18	7/1/2028		808,244.24	0.046	1,115.89	809,360.13	809,360.13	809,360.13	1,617,604.00	0.00
19	7/1/2029		808,616.03	0.046	744.10	809,360.13	809,360.13	809,360.13	808,987.97	0.00
20	7/1/2030		808,987.97	0.046	372.13	809,360.10	809,360.10	809,360.10	0.00	0.00
			16,108,100.00		79,102.57	16,187,202.57	16,187,202.57	16,187,202.57		0.00

EXHIBIT D — Special Environmental, Financial, AND Other Program Conditions

D.1 Special Environmental Conditions:

U.S. Fish and Wildlife Service identified in its February 29, 2008 concurrence letter conservation measures to minimize potential Project impacts on the coastal California gnatcatcher, least Bell's vireo, and southwestern willow flycatcher. The special conditions are noted below:

- The District shall not discharge less than 1.8 million gallons per day of flows to Cooper's Creek (the equivalent of flows discharged in 2003);
- The District shall design the Project to avoid habitat for any federally listed species;
- The District shall construct the 24-inch recycled water pipeline within the future extension of Potrero Drive, which is part of construction priority 5; and

The District shall construct the 24-inch recycled water pipeline within Potrero Drive at a minimum of 185 meters from coastal California gnatcatcher, least Bell's vireo, and southwestern willow flycatcher habitat.

D.2 Special Financial Condition:

The District shall fund a reserve fund of one year's debt service prior to completion of construction date.

D.3 Supplemental to Section 3.6(e) of this Agreement, the recipient must demonstrate 1.25 times coverage, not 1.2 or 1.1.

EXHIBIT E — Federal ARRA Conditions

1. ARRA Special Conditions

- (a) ARRA Requirements. The Recipient understands and acknowledges that financing pursuant to this Agreement is provided according to the American Recovery and Reinvestment Act of 2009 (ARRA). The Recipient agrees to perform its obligations under this Agreement in compliance with the letter and the spirit of ARRA.

The Recipient understands and agrees that failure to comply with ARRA will automatically terminate this Agreement and repayment of any and all Project Funds disbursed to the Recipient will be due and payable immediately.

- (b) Timeline Absolute. The Recipient understands that, for any reason whatsoever, foreseeable or unforeseeable, negligent, intentional, or due to any factor outside the Recipient's control, should the Recipient fail to start construction prior to the date specified in Exhibit A, this Agreement will automatically terminate and repayment of any and all Project Funds disbursed to the Recipient will be due and payable immediately.
- (c) Buy American. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board, the Recipient shall not use Project Funds to purchase iron, steel, and manufactured goods produced outside of the United States. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board, the Recipient hereby certifies that all iron, steel, and manufactured goods used in the Project were produced in the United States.
- (d) Waste, Fraud, & Abuse. The Recipient shall prevent fraud, waste, and the abuse of Project Funds.
- (e) Whistleblower Rights Notice. The Recipient shall post notice of the rights and remedies provided to state and local government and contractor whistleblowers as set forth in Section 1553 of ARRA and shall ensure that its contractors and subcontractors post such notices.
- (f) Reports. In addition to the reports specified in this Agreement, the Recipient may be asked for weekly reports related to the goals of ARRA, including jobs created or saved. The Recipient agrees to provide such reports in an expeditious fashion.
- (g) Land or Easement Acquisition. The Recipient shall not use Project Funds for the purchase of land, easements, or interests in land.

EXHIBIT E — Federal ARRA Conditions

- (h) Davis Bacon. The Recipient agrees that all laborers and mechanics shall be paid not less than federal prevailing wages. (State prevailing wage requirements found elsewhere in this Agreement may be higher.)

- 2. Implementation of Recommendations. Notwithstanding any other provision of this Agreement, the Recipient agrees that the State Water Board may make necessary amendments to this Agreement upon the request of the USEPA or the recommendation of the Recovery Accountability and Transparency Board as set forth in Section 1523 of ARRA.

EXHIBIT F – Schedule of System Obligations

Except for the following and the Obligation evidenced by this Agreement, the Recipient certifies that it has no outstanding System Obligations:

The following outstanding debt is senior to the Obligation:

Title	Interest Rate	Total Amount	Amount Remaining	End Date
Not Applicable				

The following outstanding debt is on parity with the Obligation:

Title	Interest Rate	Total Amount	Amount Remaining	End Date
Not Applicable				

The following outstanding debt is subordinate to the Obligation:

Title	Interest Rate	Total Amount	Amount Remaining	End Date
Not Applicable				

EXHIBIT G – Section 1511 Certification

By entering into this Agreement, the authorized representative of the State Water Board and the authorized representative of the Recipient hereby certify, and/or affirm previous certification(s), that this Project has received the full review and vetting required by law and that such representative accepts responsibility that the Project is an appropriate use of taxpayer dollars. Subject to the provisions of this Agreement, the following general description is provided in order to comply with Section 1511 of ARRA:

1. Project description: The Project, commonly known as **Recycled Water Facilities Project** generally consists of **construction of recycled water storage and distribution system facilities necessary to provide approximately 3,786 acre feet per year (AFY)**, as more particularly described in the financial assistance application of the Agency and the accepted plans and specifications for the Project, if any.
2. Estimated total cost of the Project: **sixteen million, one hundred eight thousand, one hundred dollars and no cents (\$16,108,100.00)**
3. Type of assistance: **long-term financing**
4. Estimated amount of ARRA funds to be used: **fifteen million, three hundred sixty-two thousand, five hundred dollars and no cents (\$15,362,500.00).**

EXHIBIT H – Davis Bacon

(a) The Recipient shall include in full in any of its Project contracts or subcontracts in excess of \$2,000 entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work the following clauses (or any modifications thereof to meet the particular needs of the Recipient, Provided, That such modifications are first approved by the United States Department of Labor):

(1) Minimum wages.

- (i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in Sec. 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

- (ii)(A) The contracting officer shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The contracting officer shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

- (1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and
- (2) The classification is utilized in the area by the construction industry; and
- (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

EXHIBIT H – Davis Bacon

- (B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the contracting officer to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.
- (C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the contracting officer shall refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.
- (D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii) (B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.
- (iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.
- (iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.
- (2) Withholding.

The **Beaumont Cherry Valley Water District** shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), all or part of the wages required by the contract, the **Beaumont Cherry Valley Water District** may, after written notice to the contractor, sponsor, applicant, or owner, take such action

EXHIBIT H – Davis Bacon

as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the **Beaumont Cherry Valley Water District** if the **Beaumont Cherry Valley Water District** is a party to the contract, but if the **Beaumont Cherry Valley Water District** is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the State Water Resources Control Board, or the United States Environmental Protection Agency. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the State Water Resources Control Board or the United States Environmental Protection Agency if such agency is a party to the contract, but if the agency is not such a party, the contractor will submit them to the applicant, sponsor, or owner, as the case may be, for transmission to the State Water Resources Control Board or the United States Environmental Protection Agency, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without

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weekly submission to the sponsoring government agency (or the applicant, sponsor, or owner).

- (B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:
- (1) That the payroll for the payroll period contains the information required to be provided under Sec. 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under Sec. 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;
 - (2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;
 - (3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.
- (C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.
- (D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.
- (iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State Water Resources Control Board, the State of California, the United States Environmental Protection Agency, or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal or state agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.
- (4) Apprentices and trainees.
- (i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible

EXHIBIT H – Davis Bacon

for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

- (ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

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- (iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.
- (5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.
- (6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the State Water Resources Control Board, United States Environmental Protection Agency, federal Office of Management and Budgets, and/or federal Department of Labor may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.
- (7) Contract termination: debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.
- (8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.
- (9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.
- (10) Certification of eligibility.
 - (i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).
 - (ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).
 - (iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.
- (b) Contract Work Hours and Safety Standards Act. The Recipient shall cause or require the contracting officer to insert the following clauses set forth in paragraphs (b)(1), (2), (3), and (4) of this section in full in any Project contract or subcontract in an amount in excess of \$100,000. These clauses shall be inserted in addition to the clauses required above. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.
 - (1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit

EXHIBIT H – Davis Bacon

any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

- (2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (b)(1) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (b)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (b)(1) of this section.
- (3) Withholding for unpaid wages and liquidated damages. The **Beaumont Cherry Valley Water District** shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.
- (4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (b)(1) through (4) of this section.
- (c) In addition to the clauses contained above, in any Project contract or subcontract, the Recipient shall cause or require the contracting officer to insert a clause requiring that any contractor or subcontractor on this Project shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Recipient shall cause or require the contracting officer to insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the State Water Resources Control Board, the State of California, the United States Environmental Protection Agency, and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

EXHIBIT I – Green Business Case

Not Applicable.


BEAUMONT CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue
Beaumont, CA 92223
(951)-845-9581

MEMORANDUM

June 23, 2009

TO: Tony Lara
Interim General Manger

FROM: J. Reichenberger 
District Engineer

SUBJECT: Recommendation to Advertize for Bids for Recycled Water Projects,
Phase 1 and 2

As you know we received Facilities Plan Approval from the State Water Resources Control Board (SWRCB) Division of Finance on June 2, 2009 for completion of our recycled water project. The project will be funded out of the American Recovery and Reinvestment Act (ARRA) of 2009 also known as "Stimulus Funding." The District provided a schedule and cost estimates in May to support this Facilities Plan Approval.

Although we do not have an actual interim agreement in hand at this time, it is immanent. I spoke with Ms. Laura Peters of the SWRCB at the AWWA Conference in San Diego last week. She asked about the status of the project and said we really should go to bid. (Note that she is a senior engineer in the Water Recycling Funding Unit and the supervisor of Mr. Garcia and Mr. Pontueri who we have been dealing with up to now.)

In order to be eligible for Stimulus Funding the projects must have an executed construction contract by February 1, 2010. Two of our projects are "shovel ready" today:

- 2 MG Steel Recycled Water Reservoir at the Groundwater Recharge Site (Phase 1) – Engineer's estimate = \$2,511,000
- 24-in Brookside Avenue Pipeline, Cherry Avenue to the Recharge Site (Phase 2) – Engineer's Estimate - \$700,300.

We have made some minor modifications to the bidding and construction documents to comply with the ARRA requirements (e.g., "Buy American" etc) but we are now ready to go to bid. There is no reason to wait. In discussions that I have had with my colleagues, who have bid projects recently, the bids are coming in very low. I really don't want miss any opportunity.

I recommend the Board approve going to Advertize for Bid at the July Board Meeting.

We would advertize for 4 weeks and take bids in Mid-August. The bids would be evaluated and the District would make a recommendation and forward this on to the SWRCB for concurrence. The SWRCB looks to make sure all of the contractor's paper

work is in order relative to Disadvantaged Business Enterprise (DBE) requirements and the other federal and state requirements. This could take a month. The SWRCB will then issue approval to award. This would be in September some time.

We have stated in the specifications that the contractor's bid is to be maintained for 90 days after bid opening so we have some "cushion" if state approval is delayed for any reason. Construction should start in October.

This will also provide some time to get the agreement with the City finalized.

Project Phases 4 and 5 are in design now and they should be completed and ready for bid in late September/early October or perhaps before. Project Phase 3 is the construction of the tank and pump station at the City's wastewater treatment plant. The schedule for this is extremely tight and we need the cooperation of the City on this. We already have completed design concepts but need City approval to move forward with detailed design. If this drags on too much longer, I am afraid we may not meet the February 1, 2010 deadline for this Phase of the project. We would lose nearly \$3 million in Stimulus Funding if we did not meet the deadline.



June 9, 2009

JOINT POWERS
INSURANCE AUTHORITY

RECEIVED
JUN 12 2009
BY:.....

Mr. Tony Lara, Assistant General Manager
Beaumont-Cherry Valley Water District
P.O. Box 2037
Beaumont, California 92223-0937

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Suite 200
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Vice President
Joan C. Finnegan

Chief Executive Officer
Daniel N. Klaff

**Chief Financial &
Operations Officer**
Walter "Andy" Sells

Auditor/Controller
Eldon Boone

Executive Committee
Merle J. Aleshire
Wes Bannister
Tom Cuquet
Joseph Dion
Joan C. Finnegan
Mary M. Gibson
E.G. "Jerry" Gladbach
Paul Kelley
W.D. "Bill" Knutson
Lou Reinkens

RE: TRAINING AND RISK ASSESSMENT CONDUCTED

Dear Tony:

This letter is in follow-up to my visit on May 12, 2009. Thank you for your personal time and scheduling the training for your staff. During my visit I was able to conduct Confined Space Entry (CSE) training, review District operations, and follow-up on previous JPIA recommendations.

Seventeen individuals attended the CSE training, including employees from Western Municipal Water District and West Valley Water District. Providing this training demonstrates your District's commitment to promoting safe work practices and standardized procedures. As part of the follow-up to this training the District should:

- Review and update the District's CSE permit. A copy of the JPIA template permit is provided for your review and use.
- Provide hands-on training for employees regarding the use and calibration of gas monitors.
- Conduct quarterly set up of the retrieval tripod, and review the proper wearing and fit of body harnesses with crews.
- Ensure that all confined spaces are labeled, inventoried, and identified by type and physical address.
- Provide up-to-date contact information for emergency medical and rescue service to CSE supervisors.
- Arrange annual training in Emergency Confined Space Rescue with the local fire department.

After the training Knute Dahlstorm, Operations Foreman, and Kwan Lee, Production Supervisor, and I reviewed operations and the recommendations from the August 2008 visit. Thank you and your staff for completing all of the previous JPIA recommendations.

The District continues to improve its risk management and safety training efforts. A new Employee Handbook and Policies and Procedures Manual were adopted in March 2009. Safety training has been expanded to use TargetSafety for employee training, orientations, and corrective actions. Your

Mr. Tony Lara, Assistant General Manager
Beaumont-Cherry Valley Water District
June 9, 2009
Page 2

staff has completed 56 classes since starting to use this online training resource in February 2008.

It is always a pleasure to visit your District to provide training and improve risk management practices. If I can be of additional assistance or you have any questions, please contact me at (760) 224-4322, or pkuchinsky@acwajpia.com.

Sincerely,

Handwritten signature of Peter Kuchinsky II in black ink, including a stylized flourish at the end.

Peter Kuchinsky II, CSP, REA I
Senior Risk Management Consultant

609:ll

Enc. Confined Space Entry Permit

c: Knute Dahlstorm, Operations Foreman
Kwan Lee, Production Supervisor
JPIA Member Services
JPIA Risk Management Subcommittee
Blair Ball, JPIA Board Member

Symbol Key	<input type="checkbox"/> = City/County <input checked="" type="checkbox"/> = Water Agency <input checked="" type="checkbox"/> = City that also provides retail water service
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Who should adopt this section?	Ordinance Section	Toolbox
	<p>ORDINANCE NO. ____</p> <p>AN ORDINANCE OF THE COUNTY OF RIVERSIDE AND ASSOCIATED CITIES ESTABLISHING LANDSCAPE WATER USE EFFICIENCY REQUIREMENTS</p> <p>The <i>City Council/Board of Supervisors/Board of Directors</i> of _____ does ordain as follows:</p>	
§1 <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<p>Section 1. SHORT TITLE. This Ordinance shall be known as the "Landscape Water Use Efficiency Ordinance".</p>	
§2 <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<p>Section 2. INTENT. It is the intent of the <i>City Council/Board of Supervisors/Board of Directors</i> in adopting this Ordinance to:</p> <ul style="list-style-type: none"> A. Establish provisions for water management practices and water waste prevention; B. Establish a structure for planning, designing, installing, maintaining, and managing water efficient landscapes in new construction and rehabilitated projects; C. To reduce the water demands from landscapes without a decline in landscape quality or quantity; D. To retain flexibility and encourage creativity through appropriate design; E. To assure the attainment of water-efficient landscape goals by requiring that landscapes not exceed a maximum water demand of seventy percent (70%) of its reference evapotranspiration (ET_o) or any lower percentage as may be required by water purveyor policy or state legislation, whichever is stricter; F. To eliminate water waste from overspray and/or runoff; G. To achieve water conservation by raising the public awareness of the need to conserve water through education and motivation to embrace an effective water demand management program; and H. To implement the requirements to meet the state of California Water Conservation in Landscaping Act 2006 and the California Code of Regulations Title 23, Division 2, Chapter 2.7. 	
§3 <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<p>Section 3. DEFINITIONS. The terms used in this ordinance have the meaning set forth below:</p> <ul style="list-style-type: none"> A. "backfilling" means to refill an excavation, usually with excavated material B. "backflow prevention device" means a safety device used to prevent pollution or contamination of the water supply due to the reverse flow of water from the irrigation system. C. "check valve" or "anti-drain valve" means a valve located under a sprinkler head or other location in the irrigation system to hold water in the system to prevent drainage from the sprinkler heads when the system is off. D. "established landscape" means the point at which plants in the landscape have developed significant root growth into the site. Typically, most plants are established after one or two years of growth. 	

Who should adopt this section?	Ordinance Section	Toolbox
	<p>E. "Estimated Annual Water Use" or "EAWU" means estimated total water use per year as calculated by the formula contained in Section 5.B.12.n.</p> <p>F. "hydrozone" means a portion of the landscaped area having plants with similar water needs. A hydrozone may be irrigated or non-irrigated.</p> <p>G. "invasive species" are non-indigenous species (e.g., plants or animals) that adversely affect the habitats they invade economically, environmentally, or ecologically. Lists of invasive species are included within the Western Riverside County Multi-Species Habitat Conservation Plan and the Coachella Valley Multi-Species Habitat Conservation Plan (incorporated by reference). In addition, for the purposes of this ordinance, invasive species include other locally invasive species as further defined by a local lead agency.</p> <p>H. "landscape architect" means a person who holds a license to practice landscape architecture in the state of California (Government Code Section 5615).</p> <p>I. "landscaped area" or "LA" means all of the planting areas, turf areas, and water features in a landscape design plan subject to the Maximum Applied Water Allowance (MAWA) calculation. The landscape area does not include footprints of buildings or structures, sidewalks, driveways, parking lots, decks, patios, gravel or stone walks, other pervious or impervious hardscapes, and other non-irrigated areas designated for non-development (e.g. , open spaces and existing native vegetation).</p> <p>J. "local water purveyor" means any entity, including a public agency, city, county or private water company that provides retail water service to customers in Riverside County.</p> <p>K. "low volume irrigation" means the application of irrigation water at low pressure through a system of tubing or lateral lines and low-volume emitters such as drip, drip lines, and bubblers. Low volume irrigation systems are specifically designed to apply small volumes of water slowly at or near the root zone of plants.</p> <p>L. "Maximum Applied Water Allowance" or "MAWA" means the upper limit of annual applied water allowed for the established landscaped area.</p> <p>M. "overhead sprinkler irrigation systems" means systems that deliver water through the air (e.g. , pop ups, impulse sprinklers, spray heads and rotors, etc.).</p> <p>N. "reference evapotranspiration" or "ET_o" means a standard measurement of environmental parameters which affect the water use of plants. ET_o is given in inches per day, month, or year. Reference evapotranspiration is used as the basis of determining the Maximum Applied Water Allowances so that regional differences in climate can be accommodated. Reference evapotranspiration numbers shall be taken from the most current EvapoTranspiration Zones Map by the California Department of Water Resources. For geographic areas not covered by the EvapoTranspiration Zones Map, data from nearby areas shall be used.</p> <p>O. "rehabilitated landscapes" means any re-landscaping project that requires a permit, plan check, or design review, and/or would meet the requirements of Section 4.</p> <p>P. "special landscape area" means an area of the landscape dedicated to edible plants, areas irrigated with recycled water, and publicly accessible areas dedicated to active play such as parks, sports fields, golf courses, where turf provides a playing field or where turf is needed for high traffic activities.</p> <p>Q. "temporarily irrigated" means irrigation for the purposes of establishing plants, or irrigation which will not continue after plant establishment. Temporary irrigation is for a period of six months or less.</p>	

Who should adopt this section?	Ordinance Section	Toolbox
	<p>R. "water intensive landscaping" means a landscape with a WUCOLS plant factor of 0.7 or greater.</p> <p>S. "WUCOLS" means the publication entitled "Water Use Classification of Landscape Species" by the U.C. Cooperative Extension (1999 or most current version).</p>	
varies by sub-section	Section 4. APPLICABILITY.	
§4A ●	A. The water-efficient landscape requirements contained in this Ordinance apply to existing properties with landscape areas one acre or greater in size or properties served by a dedicated landscape irrigation meter.	This version of section 4A is specific to water agencies "●".
§4A <input type="checkbox"/> ◆	A. The water-efficient landscape requirements contained in this Ordinance shall be applicable to all new construction landscapes which are homeowner-provided and or homeowner-hired in single-family and multi-family projects with a total project landscape area equal to or greater than 5,000 square feet requiring a building or landscape permit, plan checks or design review and/or all other landscape projects with a landscape area equal to or greater than 2,500 square feet subject to discretionary permits, plan checks, design reviews, and/or approvals.	This version of section 4A is specific to cities/counties " <input type="checkbox"/> " and cities that also provide retail water service "◆".
§4B <input type="checkbox"/> ◆	B. In the event Covenants, Conditions and Restrictions are required by the County/City for any permit subject to this Ordinance, a condition shall be incorporated into any project approval prohibiting the use of water-intensive landscaping and requiring the use of low water use landscaping pursuant to the provisions of this Ordinance in connection with common area/open space landscaping. Additionally, such a condition shall also require the Covenants, Conditions and Restrictions to incorporate provisions concerning landscape irrigation system management and maintenance. This Ordinance shall not be construed as requiring landscaping of common areas or open space that is intended to remain natural. Covenants, Conditions, and Restrictions shall not prohibit use of low-water use plants. Covenants, Conditions, and Restrictions shall not prohibit the replacement of turf with less water intensive plant species.	
§4C <input type="checkbox"/> ◆	C. Section 8 of this Ordinance applies to existing properties with landscape areas one acre or greater in size or properties served by a dedicated landscape irrigation meter.	
§4D <input type="checkbox"/> ◆	D. Recognizing the special landscape needs of cemeteries, new and rehabilitated cemeteries are limited to sections 6.A, 6.B, and 6.C. Existing cemeteries are limited to Section 8.	
§4E <input type="checkbox"/> ◆	E. The following are exempt from the provisions of this chapter: <ol style="list-style-type: none"> 1. Any project with a total landscaped area less than 2,500 square feet; 2. Registered local, state or federal historical sites; 3. Ecological restoration projects that do not require a permanent irrigation system and have an establishment period of less than 3 years; 4. Mined-land reclamation projects that do not require a permanent irrigation system; and 5. Botanical gardens and arboretums open to the public. 	

Who should adopt this section?	Ordinance Section	Toolbox
varies by sub-section	Section 5. LANDSCAPE DOCUMENTATION PACKAGE REQUIREMENTS.	
<p>§5 ●</p>	<p>An applicant proposing any new landscape that is subject to this ordinance (Section 4) and designated for recycled water use, is advised that recycled water irrigation systems will entail additional coordination with the local water purveyor, the land use agency and the maintenance entity's standards, approvals, and implementation requirements. Therefore, applicants shall consult with the appropriate water purveyor early in the development review process to ensure that future recycled water facilities meet the projected demand and that subsequent landscape plans comply with the applicable standards, approvals, and implementation requirements of the local water purveyor, land use agency, and maintenance entity.</p> <p>Water systems for common open space areas shall use non-potable water if approved facilities are made available by the water purveyor. Provisions for a non-potable water system shall be provided within the landscape plan. Water systems designed to utilize non-potable water shall be designed to meet all applicable standards of the California Regional Water Quality Control Board and the Riverside County Health Department.</p>	<p>This version of section 5 is specific to water agencies "●".</p>
<p>§5 □ ◆</p>	<p>An applicant proposing any new or rehabilitated landscape subject to this ordinance (Section 4) shall prepare and submit to the planning director documentation including the following:</p> <ol style="list-style-type: none"> 1. Project Information (Section 5.A); 2. Planting Plan (see Section 5.B); 3. Irrigation Design Plan (see Section 5.C); 4. Soil Management Plan (see Section 5.D); and 5. Grading Design Plan (see Section 5.E). <p>An applicant proposing any new landscape that is subject to this ordinance (Section 4) and designated for recycled water use, is advised that recycled water irrigation systems will entail additional coordination with the local water purveyor, the land use agency and the maintenance entity's standards, approvals, and implementation requirements. Therefore, applicants shall consult with the appropriate water purveyor early in the development review process to ensure that future recycled water facilities meet the projected demand and that subsequent landscape plans comply with the applicable standards, approvals, and implementation requirements of the local water purveyor, land use agency, and maintenance entity.</p> <p>Water systems for common open space areas shall use non-potable water if approved facilities are made available by the water purveyor. Provisions for a non-potable water system shall be provided within the landscape plan. Water systems designed to utilize non-potable water shall be designed to meet all applicable standards of the California Regional Water Quality Control Board and the Riverside County Health Department.</p> <p>A. PROJECT INFORMATION</p> <ol style="list-style-type: none"> 1. Date 2. Applicant and applicant contact information 3. Project owner and contact information 4. Project address including parcel and lot numbers 5. Total landscape area (sq. ft.) 6. Project type (e.g., new, rehabilitated, public, private) 	<p>This version of section 5 is specific to cities/counties "□" and cities that also provide retail water service "◆".</p> <p><i>A City/County should augment this part of the ordinance with information on when they will require the landscape documentation package (e.g., prior to building permit).</i></p>

Who should adopt this section?	Ordinance Section	Toolbox
	<p>7. Water supply (e.g., potable, well, recycled). Use of recycled water is encouraged.</p> <p>8. Applicant signature and date with statement "I agree to comply with the requirements of Ordinance ___ and submit a complete Landscape Documentation Package"</p> <p>B. PLANTING PLAN REQUIREMENTS</p> <ol style="list-style-type: none"> 1. The "Riverside County Guide to California Friendly Landscaping" (Landscaping Guide) is hereby incorporated by reference to assist with developing water efficient landscapes. 2. Plant types shall be grouped together in regards to their water, soil, sun and shade requirements and in relationship to the buildings. Plants with different water needs shall be irrigated separately. Plants with the following classifications shall be grouped accordingly: high and moderate, moderate and low, low and very low. Deviation from these groupings shall not be permitted. 3. Trees for shade shall be provided for residential, commercial and industrial buildings, parking lots and open space areas. These trees can be deciduous or evergreen and are to be incorporated to provide natural cooling opportunities for the purpose of energy and water conservation. 4. Plants shall be placed in a manner considerate of solar orientation to maximize summer shade and winter solar gain. 5. Plant selection for projects in fire-prone areas shall address fire safety and prevention. A defensible space or zone around a building or structure is required per Public Resources Code Section 4291(a) and (b). Fire-prone plant materials and highly flammable mulches shall be avoided. 6. Invasive species of plants shall be avoided especially near parks, buffers, greenbelts, water bodies, and open spaces because of their potential to cause harm in to environmentally sensitive areas. 7. All exposed surfaces of non-turf areas within the developed landscape area shall be mulched with a minimum three inch (3") layer of material, except in areas with groundcover planted from flats where mulch depth shall be one and one half inches (1 ½"). 8. Stabilizing mulching products shall be used on slopes. 9. Turf areas shall be used in response to functional needs and in compliance with the water budget. <ol style="list-style-type: none"> 10. Decorative water features shall use recirculating water systems. 11. Where available, recycled water shall be used as the source for irrigation and decorative water features. 12. Planting Plans shall identify and site the following: <ol style="list-style-type: none"> a. New and existing trees, shrubs, ground covers, and turf areas within the proposed landscape area; b. Planting legend indicating all plant species by botanical name and common name, spacing, and quantities of each type of plant by container size; c. Designation of hydrozones; d. Area, in square feet, devoted to landscaping and a breakdown of the total area by landscape hydrozones; e. Property lines, streets, and street names; f. Building locations, driveways, sidewalks, retaining walls, and other 	

Who should adopt this section?	Ordinance Section	Toolbox
	<p>hardscape features;</p> <ul style="list-style-type: none"> g. Appropriate scale and north arrow; h. Any special landscape areas; i. Type of mulch and application depth; j. Type and surface area of any water features; k. Type and installation details of any applicable stormwater best management practices; l. Planting specifications and details, including the recommendations from the soils analysis, if applicable. m. Maximum Applied Water Allowance: <ul style="list-style-type: none"> i. Planting Plans shall be prepared using the following Water Budget Formula: $\text{MAWA (in gallons)} = (ET_o)(0.62)[0.7 \times \text{LA} + 0.3 \times \text{SLA}]$ <p><i>where</i> <i>ET_o is reference evapotranspiration</i> <i>SLA is the amount of special landscape area in square feet</i> <i>LA is total landscape area (including the SLA) in square feet</i></p> ii. For the purposes of determining the Maximum Applied Water Allowance, average irrigation efficiency is assumed to be 0.71. Irrigation systems shall be designed, maintained, and managed to meet or exceed an average irrigation efficiency of 0.71. n. Estimated Annual Water Use (EAWU): <ul style="list-style-type: none"> i. EAWU for a given hydrozone is calculated as follows: $\text{EAWU (in gallons)} = (ET_o)(0.62)[((PF \times HA)/IE) + \text{SLA}]$ <p><i>where</i> <i>ET_o is reference evapotranspiration</i> <i>PF is Plant Factor</i> <i>HA is hydrozone area in square feet</i> <i>IE is irrigation efficiency (minimum 0.71)</i> <i>SLA is the amount of special landscape area in square feet</i></p> ii. Landscaping plans shall provide EAWU (in the same units as the MAWA) for each valve circuit in the irrigation hydrozone . The sum of all EAWU calculations shall not exceed the MAWA for the project. iii. The plant factor used shall be from WUCOLS. The plant factor for low water use plants range from 0 to 0.3, for moderate water use plants range from 0.4 to 0.6, and for high water use plants range from 0.7 to 1.0. iv. The plant factor calculation is based on the proportions of the respective plant water uses and their plant factor, or the plant factor of the higher water using plant is used. v. The surface area of a water features shall be included in the high water use hydrozone area of the water budget calculation and temporarily irrigated areas in the low water use hydrozone. 	

Who should adopt this section?	Ordinance Section	Toolbox
	<p>13. Planting Plans and Irrigation Plans (Section 5.C) shall be drawn at the same size and scale</p> <p>14. The Planting Plan shall be prepared by a Landscape Architect licensed by the State of California.</p> <p>C. IRRIGATION DESIGN PLAN REQUIREMENTS.</p> <ol style="list-style-type: none"> 1. The "Riverside County Guide to California Friendly Landscaping" (Landscaping Guide) is hereby incorporated by reference to assist the applicant in designing, constructing, and maintaining an efficient irrigation system. 2. Irrigation systems shall be designed, maintained, and managed to meet or exceed an average irrigation efficiency of 0.71. 3. All irrigation systems shall be designed to prevent runoff, over-spray, lowhead drainage and other similar conditions where water flows off-site on to adjacent property, non-irrigated areas, walk, roadways, or structures. Irrigation systems shall be designed, constructed, managed, and maintained to achieve as high an overall efficiency as possible. The irrigation system shall be designed to ensure that the dynamic pressure at each emission device is within the manufacturer's recommended pressure range for optimal performance. 4. Landscaped areas shall be provided with a smart irrigation controller which automatically adjusts the frequency and/or duration of irrigation events in response to changing weather conditions unless the use of the property would otherwise prohibit use of a timer. The planting areas shall be grouped in relation to moisture control zones based on similarity of water requirements (i.e., turf separate from shrub and groundcover, full sun exposure areas separate from shade areas, top of slope separate from toe of slope). Additional water conservation technology may be required, where necessary, at the discretion of the Planning Director. 5. Water systems for common open space areas shall use non-potable water, if approved facilities are made available by the water purveyor. Provisions for the conversion to a non-potable water system shall be provided within the landscape plan. Water systems designed to utilize non-potable water shall be designed to meet all applicable standards of the California Regional Water Quality Control Board and the Riverside County Health Department. 6. Separate valves shall be provided for separate water use planting areas, so that plants with similar water needs are irrigated by the same irrigation valve. All installations shall rely on highly efficient state of the art irrigation systems to eliminate runoff and maximize irrigation efficiency as required by the Landscaping Guide. 7. Static water pressure, dynamic or operating pressure and flow reading of the water supply shall be measured. These pressure and flow measurements shall be conducted at the design stage. If the measurements are not available at the design stage, the measurements shall be conducted at the installation. 8. The capacity of the irrigation system shall not exceed: <ol style="list-style-type: none"> a. the capacity required for peak water demand based on water budget calculations; b. meter capacity; or c. backflow preventer type and device capacity 9. Sprinkler heads and other emission devices shall have matched precipitation 	

Who should adopt this section?	Ordinance Section	Toolbox
	<p>rates, unless otherwise directed by the manufacturer.</p> <ol style="list-style-type: none"> 10. In mulched planting areas, the use of low volume irrigation is required to maximize water infiltration into the root zone. 11. Non-turf areas on slopes greater than 25% shall be irrigated with drip irrigation or other low volume irrigation technology. 12. Long-narrow, or irregularly shaped areas including turf less than eight (8) feet in width in any direction shall be irrigated with subsurface irrigation or low-volume irrigation technology. 13. Overhead irrigation shall not be permitted within 24 inches of any non-permeable surface. There are no restrictions on the irrigation system type if the landscape area is adjacent to permeable surfacing and no overspray and runoff occurs. 14. Overhead irrigation shall be limited to the hours of 8 p.m. to 9 a.m. 15. All irrigation systems shall be equipped with the following: <ol style="list-style-type: none"> a. A smart irrigation controller as defined in Section 5.C.4 of this Ordinance; b. A rain sensing device to prevent irrigation during rainy weather; c. Anti-drain check valves installed at strategic points to minimize or prevent low-head drainage; d. A manual shut-off valve shall be required as close as possible to the point of connection of the water supply, to minimize water loss in case of an emergency or routine repair; e. A pressure regulator when the static water pressure is above or below the recommended operating pressure of the irrigation system; f. Backflow prevention devices; and g. Riser protection components for all risers in high traffic areas. 16. Dedicated landscape meters shall be required for all projects greater than 2,500 sq. ft. except single-family residences. 17. Irrigation Design Plans shall identify and site the following: <ol style="list-style-type: none"> a. Hydrozones. <ol style="list-style-type: none"> i. Each hydrozone shall be designated by number, letter or other designation ii. A Hydrozone Information Table shall be prepared for each hydrozone b. The areas irrigated by each valve; c. Irrigation point of connection (POC) to the water system; d. Static water pressure at POC; e. Location and size of water meter(s), service laterals, and backflow preventers; f. Location, size, and type of all components of the irrigation system, including automatic controllers, main and lateral lines, valves, sprinkler heads and nozzles, pressure regulator, drip and low volume irrigation equipment; g. Total flow rate (gallons per minute), and design operating pressure (psi) for each overhead spray and bubbler circuit, and total flow rate (gallons per hour) and design operating pressure (psi) for each drip and low volume irrigation circuit; h. Precipitation rate (inches per hour) for each overhead spray circuit; i. Irrigation legend with the manufacturer name, model number, and general description for all specified equipment, separate symbols for 	<p><i>Example hydrozone tables are provided in the Riverside County Guide to California Friendly Landscaping and in the Model Water Efficient Landscape Ordinance (CCR Title 23 Div 2 Chapter 2.7).</i></p>

Who should adopt this section?	Ordinance Section	Toolbox
	<p>all irrigation equipment with different spray patterns, spray radius, and precipitation rate;</p> <ul style="list-style-type: none"> j. Irrigation system details for assembly and installation; k. Recommended irrigation schedule for each month, including number of irrigation days per week, number of start times (cycles) per day, minutes of run time per cycle, and estimated amount of applied irrigation water, expressed in gallons per month and gallons per year, for the established landscape; and l. Irrigation Design Plans shall contain the following statement, "I agree to comply with the criteria of the ordinance and to apply them for the efficient use of water in the Irrigation Design Plan" <p>18. For each valve, two irrigation schedules shall be prepared, one for the initial establishment period of six months and one for the established landscape, which incorporate the specific water needs of the plants and turf throughout the calendar year.</p> <p>19. Irrigation Plans and Planting Plans (Section 5.B) shall be drawn at the same size and scale</p> <p>D. SOIL MANAGEMENT PLAN REQUIREMENTS.</p> <ul style="list-style-type: none"> 1. After mass grading, the project applicant or his/her designee shall: <ul style="list-style-type: none"> a. perform a preliminary site inspection; b. determine the appropriate level of soil sampling and sampling method needed to obtain representative soil sample(s); c. conduct a soil probe test to determine if the soil in the landscape area has sufficient depth to support the intended plants; and d. obtain appropriate soil sample(s). 2. The project applicant or his/her designee shall submit soil sample(s) to laboratory for analysis and recommendation. The soil analysis may include: <ul style="list-style-type: none"> a. soil texture; b. infiltration rate determined by laboratory test or soil texture infiltration rate tables; c. pH; d. total soluble salts; e. sodium; and f. recommendations. 3. The project applicant or his/her designee shall prepare documentation describing the following: <ul style="list-style-type: none"> a. soil type; b. identification of limiting soil characteristics; c. identification of planned soil management actions to remediate limiting soil characteristics; and d. Submit the soil analysis report and documentation verifying implementation of soil analysis report recommendations to the City/County pursuant to the requirements of Section 7.C Certificate of Completion. <p>E. GRADING DESIGN PLAN REQUIREMENTS, if applicable</p> <ul style="list-style-type: none"> 1. The Landscape Documentation Package shall include rough/precise grade elevations prepared for the project by a licensed civil engineer. 	<p><i>If your agency has specific timing for these requirements in its existing planning regulations, they can be inserted here. If not, your agency could utilize the timing included in the County ordinance which requires submittal of this plan before a building permit can be issued.</i></p> <p><i>When in the land use approval process a City/County requires the Landscape Documentation Package will affect whether this part of the ordinance refers to rough or precise grading.</i></p>

Who should adopt this section?	Ordinance Section	Toolbox
<p>§6 <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>Section 6. LANDSCAPE IRRIGATION AND MAINTENANCE. This section applies to all landscape projects subject to this ordinance (Section 4). A. The "Riverside County Guide to California Friendly Landscaping" (Landscaping Guide) is hereby incorporated by reference to assist the applicant in implementing landscape maintenance to ensure water use efficiency. B. Two irrigation schedules shall be prepared, one for the initial establishment period of six months and one for the established landscape, which incorporate the specific water needs of the plants and turf throughout the calendar year. The irrigation schedule shall take into account the particular characteristics of the soil; shall be continuously available on site to those responsible for the landscape maintenance; and shall contain specifics as to optimum run time and frequency of watering, and irrigation hours per day. The schedule currently in effect shall be posted at the controller. C. A regular maintenance schedule and Certificate of Completion shall be submitted to the Planning Director, property owner, and water purveyor. A regular maintenance schedule shall include, but not be limited to, routine inspection, adjustments, and repair of the irrigation system and its components; aerating and dethatching turf areas; replenishing mulch; fertilizing; pruning, weeding in all landscape areas and removing any obstruction to irrigation devices. Repair of all irrigation equipment shall be done with the originally installed components or equivalent. D. All model homes that are landscaped shall use signs and written information to demonstrate the principles of water efficient landscapes described in this ordinance. E. Information shall be provided to owners of new, single-family residential homes regarding the design, installation, management, and maintenance of water efficient landscapes.</p>	
<p>§7 <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>Section 7. COMPLIANCE/PLAN SUBMITTAL PROCESS. The Planning Director or designee shall have the duty and authority to administer and enforce this ordinance. A. As part of the land development process and prior to construction, the <i>City/County</i> shall: 1. Provide the project applicant with the ordinance and procedures for permits, plan checks, or design reviews; 2. Review the Landscape Documentation Package (Section 5) submitted by the project applicant; 3. Approve or reject the Landscape Documentation Package; and 4. Issue a permit or approve the plan check or design review for the project applicant. B. As part of the land development process and prior to construction, the project applicant shall: 1. Submit a Landscape Documentation Package to the <i>City/County</i> for review and approval by the Planning Director. The Planting Plan, Irrigation Plan, and Soils Management Plan shall be reviewed by an independent licensed landscape architect to ensure that all components of the Plans adhere to the requirements of this Ordinance. The licensed landscape architect shall sign the Plans verifying that the Plans comply with this Ordinance. Any Plans submitted without the signature of a licensed landscape architect shall not be accepted for review.</p>	<p><i>A City/County should augment this part of the ordinance with information about when they will require the Landscape Documentation Package (e.g., prior to building permit).</i></p>

Who should adopt this section?	Ordinance Section	Toolbox
	<p>C. Prior to issuance of a certificate of occupancy or final inspection for a project subject to this ordinance, a regular maintenance schedule and a Certificate of Completion shall be submitted to the Planning Director certifying that the landscaping has been completed in accordance with the approved Planting, Irrigation, Soil Management, and Grading Design plans for the project. The Certificate of Completion shall be signed by a licensed landscape architect and shall indicate:</p> <ol style="list-style-type: none"> 1. Date 2. Project information <ol style="list-style-type: none"> a. Project name b. Project applicant name, telephone, mailing address c. Project address and location d. Property owner name and mailing address 3. Prior to backfilling, evidence that the party responsible for irrigation installation conducted a preliminary field inspection of the irrigation system (evidence of field inspection shall be attached). 4. The landscaping has been installed in conformance with the approved Planting and Irrigation Plans; 5. Irrigation audit report performed by a certified irrigation auditor after project installation (audit report shall be attached) 6. The smart irrigation controller has been set according to the irrigation schedule; 7. The irrigation system has been adjusted to maximize irrigation efficiency and eliminate overspray and runoff; and 8. A copy of the approved Landscape Documentation Package (Section 5), the irrigation schedule (Section 6.B), and the maintenance schedule (Section 6.C) has been given to the property owner and local water purveyor. 9. Verification that the maintenance schedule has been provided to the Planning Director <p>D. At a minimum, all landscape irrigation audits shall comply with the "Irrigation Association Certified Landscape Irrigation Auditor Training Manual (2004 or most current) and shall be conducted by a certified landscape irrigation auditor.</p> <p>E. The Planning Director or his/her designee shall have the right to enter upon the project site at any time before, during and after installation of the landscaping, to conduct inspections for the purpose of enforcing this Ordinance.</p>	
varies by sub-section	Section 8. LANDSCAPE WATER USE EFFICIENCY ENFORCEMENT	For water agencies "●" this will be section 6.
§8A <input type="checkbox"/>	<p><i>[Name of City/County]</i> will rely on water purveyors to enforce landscape water use efficiency requirements. <i>[Name of City/County]</i> shall coordinate with local water purveyors and identify programs that enhance and encourage landscape water use efficiency such as:</p> <ol style="list-style-type: none"> 1. tiered water rate structure, or 2. allocation-based conservation water pricing structure, or 3. a rate structure at least as effective as the above options or 4. irrigation audits and/or irrigation surveys 5. penalties for water waste. 	

Who should adopt this section?	Ordinance Section	Toolbox
<p><u>§8A</u></p> <p>●</p> <p>◆</p>	<p>A. RESTRICTIONS. The following water conservation requirements are intended to avoid water waste, are effective at all times, and are permanent.</p> <ol style="list-style-type: none"> 1. Limits on Watering Hours: Watering or irrigating of lawn, landscape or other vegetated area with potable water is prohibited between the hours of 9:00 a.m. and 5:00 p.m. on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system. Overhead irrigation shall be limited to the hours of 8 pm to 9 am. 2. No Excessive Water Flow or Runoff: Watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive water flow or runoff onto an adjoining sidewalk, driveway, street, alley, gutter or ditch is prohibited. 3. No Washing Down Hard or Paved Surfaces: Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off device, a low-volume, high-pressure cleaning machine equipped to recycle any water used, or a low-volume high-pressure water broom. 4. Obligation to Fix Leaks, Breaks or Malfunctions: Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than seven (7) days, is prohibited. 	<p>For water agencies "●" this will be section 6A.</p> <p><i>If an agency has a water conservation or water shortage contingency ordinance in effect, insert into this section:</i> "NAME Ordinance, #, adopted DATE, is hereby incorporated by reference."</p>
<p><u>§8B</u></p> <p>●</p> <p>◆</p>	<p>B. LANDSCAPE METER REQUIREMENTS.</p> <ol style="list-style-type: none"> 1. A separate dedicated meter is required for landscape areas greater than or equal to 2,500 square-feet 2. The efficient use of water should be considered in the design of any new landscape area. The MAWA will be calculated for customers that request a new account using the formula in section 5.B.12.m of this ordinance. 3. Prior to the issuance of a meter, the new customer shall calculate the EAWU for each landscape area using the formula provided in 5.B.12.n. The EAWU shall be submitted to the local water purveyor for review. For the new meter to be issued, the calculated water budget for the landscape area cannot exceed the MAWA calculated in part 9.B.2 of this ordinance. 4. New accounts that have to comply with equivalent or more stringent water use efficiency measures imposed by another jurisdiction, do not need to comply with the requirements of this section of the Ordinance, but do need to provide information about the landscape area to the local water purveyor. 	<p>For water agencies "●" this will be section 6B.</p>

Who should adopt this section?	Ordinance Section	Toolbox
<p>§8C</p> <p>● ◆</p>	<p>C. ENFORCEMENT. <i>[Name of water purveyor]</i> is employing <i>[insert name of mechanism]</i> to ensure water is being used efficiently.</p>	<p>For water agencies "●" this will be section 6C.</p> <p><i>The concept here is to provide an equivalent to the "irrigation water use analysis" suggested by the state model ordinance. The water purveyor should describe the mechanism utilized to encourage water conservation in landscapes. Preferred mechanisms are described below:</i></p> <ol style="list-style-type: none"> 1. tiered rate structure, or 2. allocation-based conservation water pricing structure, or 3. a rate structure at least as effective as the above options or 4. for landscapes installed more than <i>[number of years to be defined by purveyor]</i> years, the water purveyor shall administer irrigation audits and/or irrigation surveys to insure the landscape area meets the applicable MAWA <ol style="list-style-type: none"> a. For landscapes installed before January 1, 2010, the applicable MAWA (in gallons)= $(ET_o)(0.62)(0.8)(LA)$ b. For landscapes installed after January 1, 2010, the applicable MAWA (in gallons)= $(ET_o)(0.62)[0.7 \times LA + 0.3 \times SLA]$ <p><i>where</i> <i>ET_o is reference evapotranspiration</i> <i>SLA is the amount of special landscape area in square feet</i> <i>LA is total landscape area (including the SLA) in square feet</i></p> <ol style="list-style-type: none"> 5. penalties, including fees for all existing and future customers that violate section 8.A of this ordinance.
<p>§9</p> <p>□ ● ◆</p>	<p>Section 9. DATE OF EFFECT</p> <p>The provisions of this ordinance shall take effect thirty (30) days after its adoption.</p>	<p>For water agencies "●" this will be section 7.</p>

INTEROFFICE MEMORANDUM

TO: ANTHONY LARA,
INTERIM GENERAL MANAGER

FROM: NIKI MAGEE

SUBJECT: IRRESPONSIBLE WASTE OF WATER

DATE: 7/2/2009

Discussion should be initiated for implementation and enforcement of serious water wasting.

1. A rate-payer reporting methodology should be created.
2. Definition of excessive waste written and amended.
3. Enforcement terms, procedures, and fines written and amended

This could serve as a predecessor to general water rationing which penalizes the conscientious user.

Noble Creek Artificial Recharge Facility
First Quarter 2009
Ground Water Monitoring Report
(January 13 to April 13, 2009)



Prepared for: Beaumont Cherry Valley Water District

June 4, 2009

GEOSCIENCE Support Services, Inc.

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**NOBLE CREEK ARTIFICIAL RECHARGE FACILITY
FIRST QUARTER 2009
GROUND WATER MONITORING REPORT
(JANUARY 13 TO APRIL 13, 2009)**

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**NOBLE CREEK ARTIFICIAL RECHARGE FACILITY
FIRST QUARTER 2009
GROUND WATER MONITORING REPORT
(JANUARY 13 TO APRIL 13, 2009)**

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 January 13 and April 13, 2009. 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. 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.
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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.
- GEOSCIENCE, 2008. Noble Creek Artificial Recharge Facility Ground Water Monitoring Report – May 31, 2008 to September 12, 2008. October 17, 2008.
- GEOSCIENCE, 2009. Noble Creek Artificial Recharge Facility Ground Water Monitoring Report – September 13, 2008 to January 12, 2009. March 10, 2009.

2.0 MONITORING FEATURES AND ACTIVITIES

Artificial recharge operations at the Recharge Facility are monitored via multiple monitoring features including totalizing flow meters, staff gages, 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 were installed within the bottom of Basins 2b, 3a, 3b, 3c, and 3d in order to monitor the depth of surface water within each basin. If possible, surface water levels at the staff gages are recorded by GEOSCIENCE personnel on an approximate monthly basis. During the course of field monitoring events, it has been observed that several staff gages are in need of replacement, repair, or readjustment to changing basin bottom elevations. It is recommended that these gages be maintained regularly such that basin surface water depth can be accurately measured.

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, 4S, and 5S), and one well completed within the intermediate (regional) aquifer system (MW-3D, 4D, and 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). On December 13, 2008, the pressure transducers were reprogrammed to record ground water levels at 1 hour intervals in an effort to reduce the amount of data collected. Currently, the data from each pressure transducer is downloaded to a laptop computer on an approximately monthly basis by GEOSCIENCE personnel.

During the period between January 12 and March 4, 2009, the pressure transducer installed within the deep completion of MW-4 failed. It was removed on March 4, 2009, and returned to the manufacturer for warranty service. GEOSCIENCE personnel reinstalled the transducer on April 13, 2009.

Ground water levels within each of the monitoring wells are also measured by GEOSCIENCE personnel using an electric water level sounder on an approximately monthly 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 11,756 acre-ft of imported State Project Water has been conveyed to Phase I Basins 1a, 2a and 3a as of April 13, 2008. According to daily inflow records¹, the majority of imported water has been conveyed to Basins 1a (54 percent) and 2a (30 percent), while Basin 3a has received 16 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

During the time period between January 13 and April 13, 2009, approximately 441 acre-ft of water was pumped from BCVWD Well No. 23. A majority of the production from Well No. 23 during this period occurred during the months of January and March (see Figure 4).

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, 4S, and 5S) are plotted on Figure 5. Water levels measured in the deep completion monitoring wells (MW-3D, 4D, and 5D) are plotted on Figure 6. The data show that ground water levels in

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 Gorgonio Pass Station, where all project water is diverted to the recharge facility.

MW-3S, 4S, and 5S have risen throughout the monitoring period by 1.7 ft, 2.9 ft, and 2.6 ft, respectively, and that water levels in MW-3D, 4D, and 5D have risen by 4.4 ft, 3.3 ft, and 2.8 ft, respectively. The data show an overall increasing ground water level trend in both the shallow and deep monitoring wells since artificial recharge activities began.

Figure 4 shows the relationship between ground water levels in MW-3D and 4D and weekly production volumes from nearby BCVWD Well No. 23. The data indicate a general correlation between overall ground water level trends in MW-3D and 4D and production from Well No. 23. Specifically, ground water levels show an increasing trend during the fall and winter months, likely reflective of decreased ground water production from Well No. 23 and other wells in the Beaumont Storage Unit. Conversely, ground water levels show a decreasing trend during the spring and summer months, a period of increased ground water production. The short-term ground water level fluctuations observed in MW-3D and 4D are attributed to interference from cyclic pumping of nearby BCVWD Well No. 23.

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 3.6 feet since January 12, 2009, and are likely the result of recharge from the Recharge Facility to the shallow aquifer system. Ground water levels in the deep completion monitoring wells (MW-1 and MW-2) have been fluctuating since monitoring began in September 2006, but have risen by as much as 2.7 and 3.0 ft, respectively, since January 2009.

4.0 RECOMMENDATIONS

Ground water monitoring should continue in order to evaluate impact to ground water levels beneath the basins during artificial recharge operations. Pressure transducers continue to record ground water levels, and it is recommended that hand measurements of ground water levels continue on a monthly basis as a cross-check to the transducer data. Additionally, field monitoring allows for the condition and functionality of the pressure transducers to be checked on a regular basis. During the current monitoring period, a transducer was discovered to be malfunctioning and was quickly replaced, thus reducing the amount of water level data loss.







It has been observed that several staff gages are in need of replacement, repair, or readjustment to changing basin bottom elevations. It is recommended that these gages be regularly maintained such that basin surface water depth can be accurately measured.

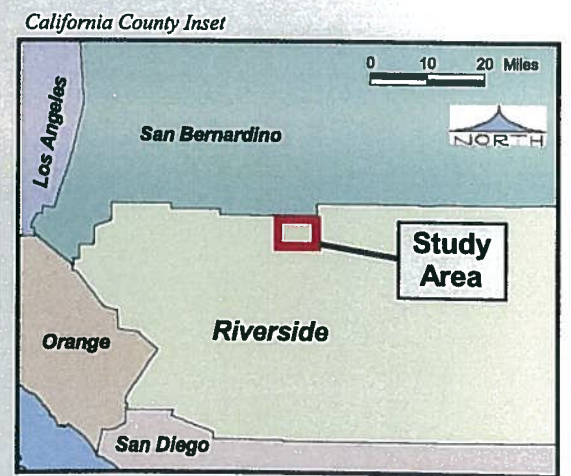
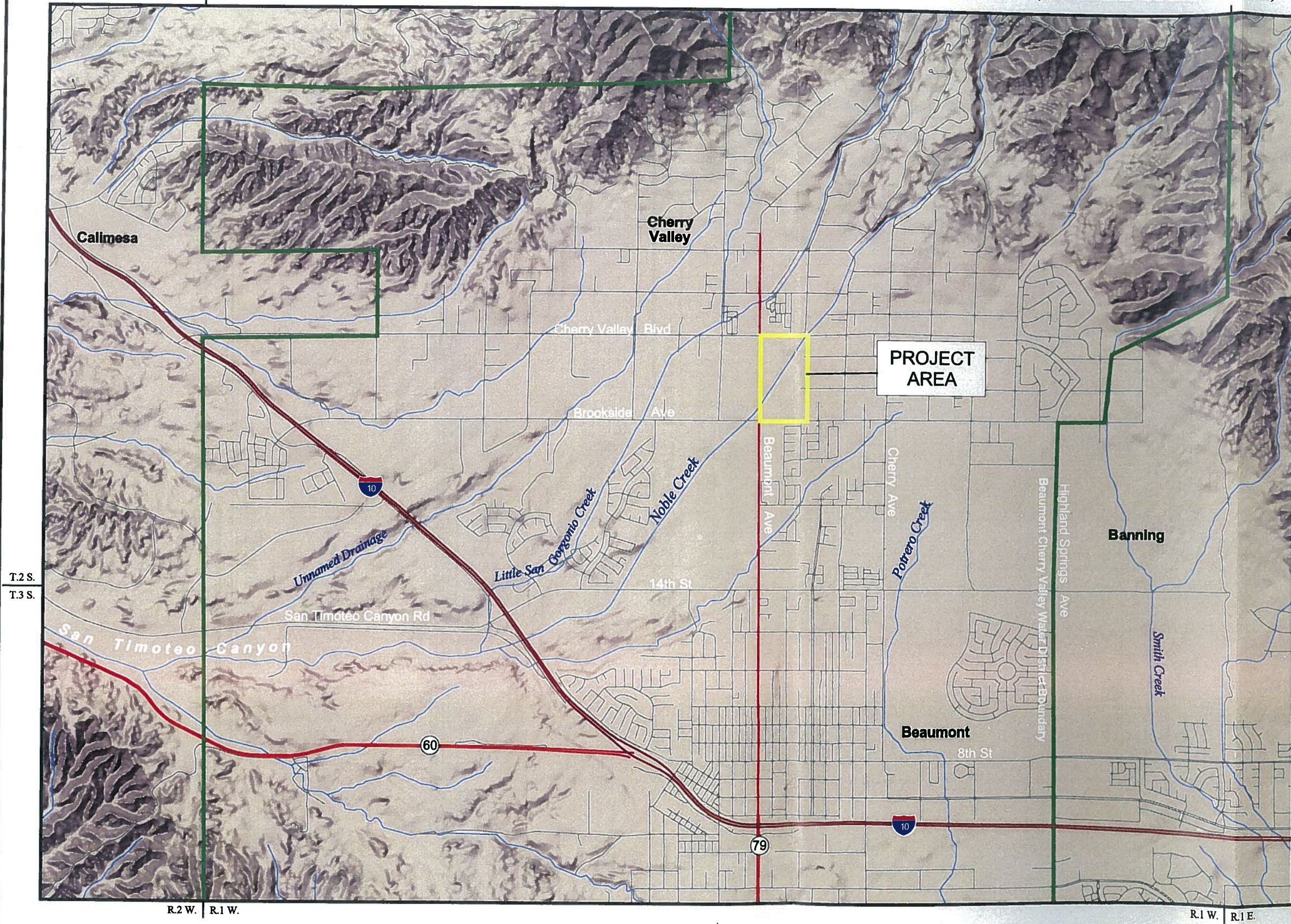
5.0 REFERENCES

- 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.
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GENERAL LOCATION
 NOBLE CREEK
 ARTIFICIAL RECHARGE
 SITE

EXPLANATION

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

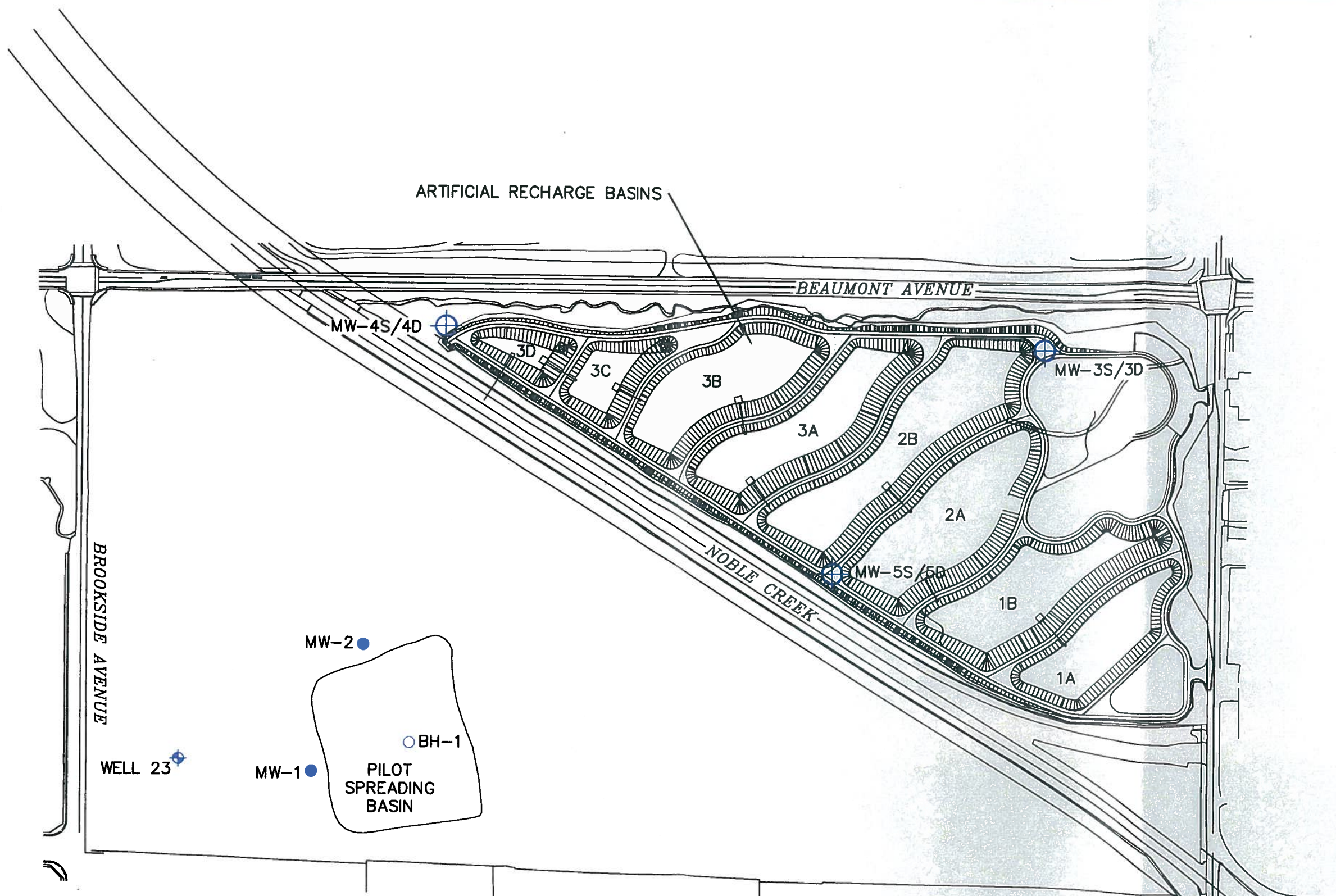






4-Jun-09
 Prepared by: DWB
 Map Projection: UTM 1927, Zone 11

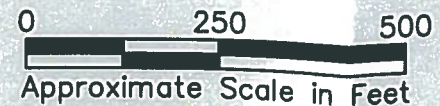


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Figure 1



-  EXISTING PRODUCTION WELL
-  EXISTING DEEP MONITORING WELL
-  EXISTING SHALLOW MONITORING WELL
-  CLUSTER MONITORING WELL LOCATION



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BEAUMONT CHERRY VALLEY WATER DISTRICT

MONITORING WELL LOCATIONS

Drawn: PLP

Checked:

Approved:

Date: 4-JUN-09

Figure 2

JN 15061-05

Spreading Basin Inflow

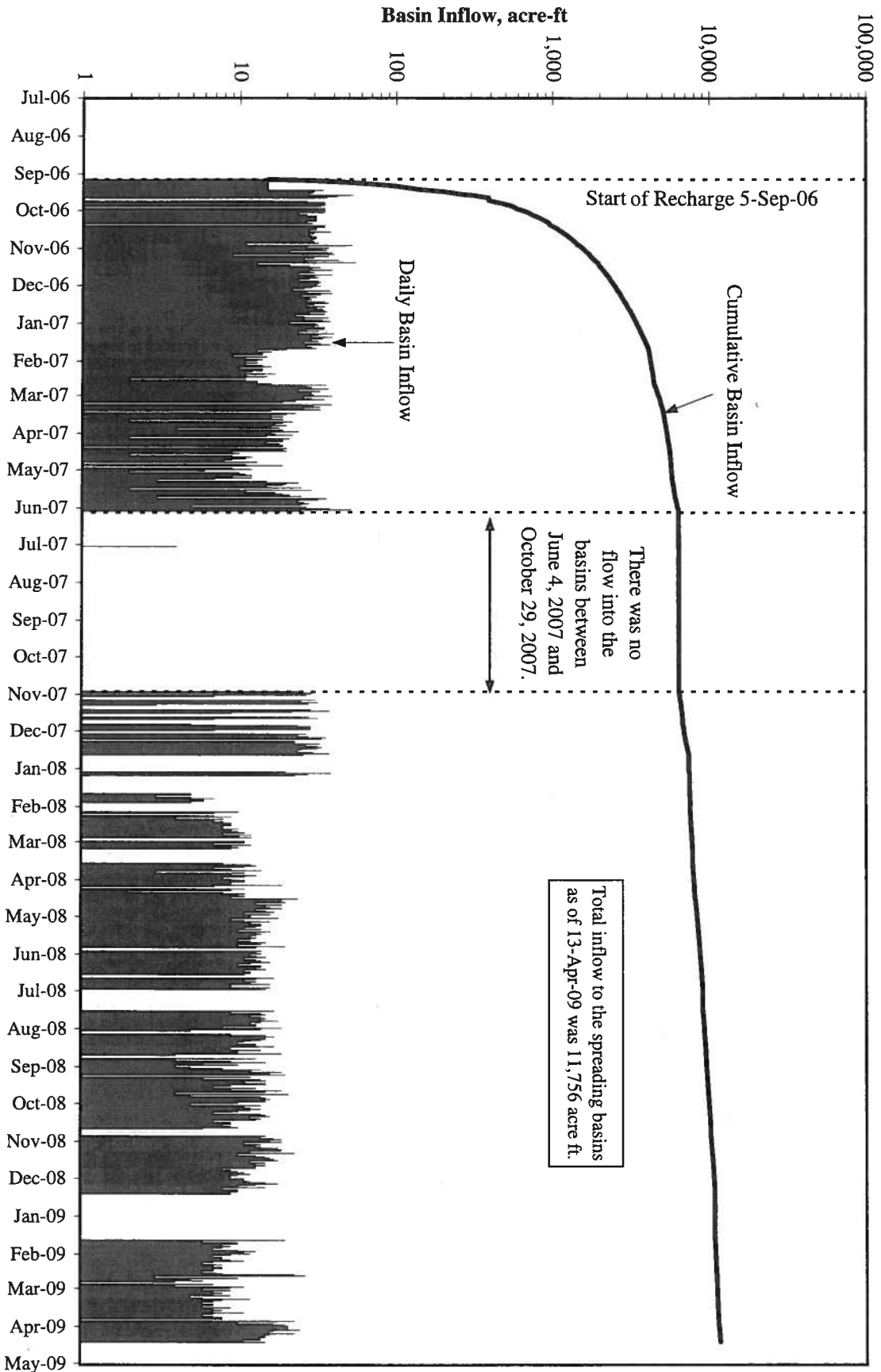


Figure 3

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

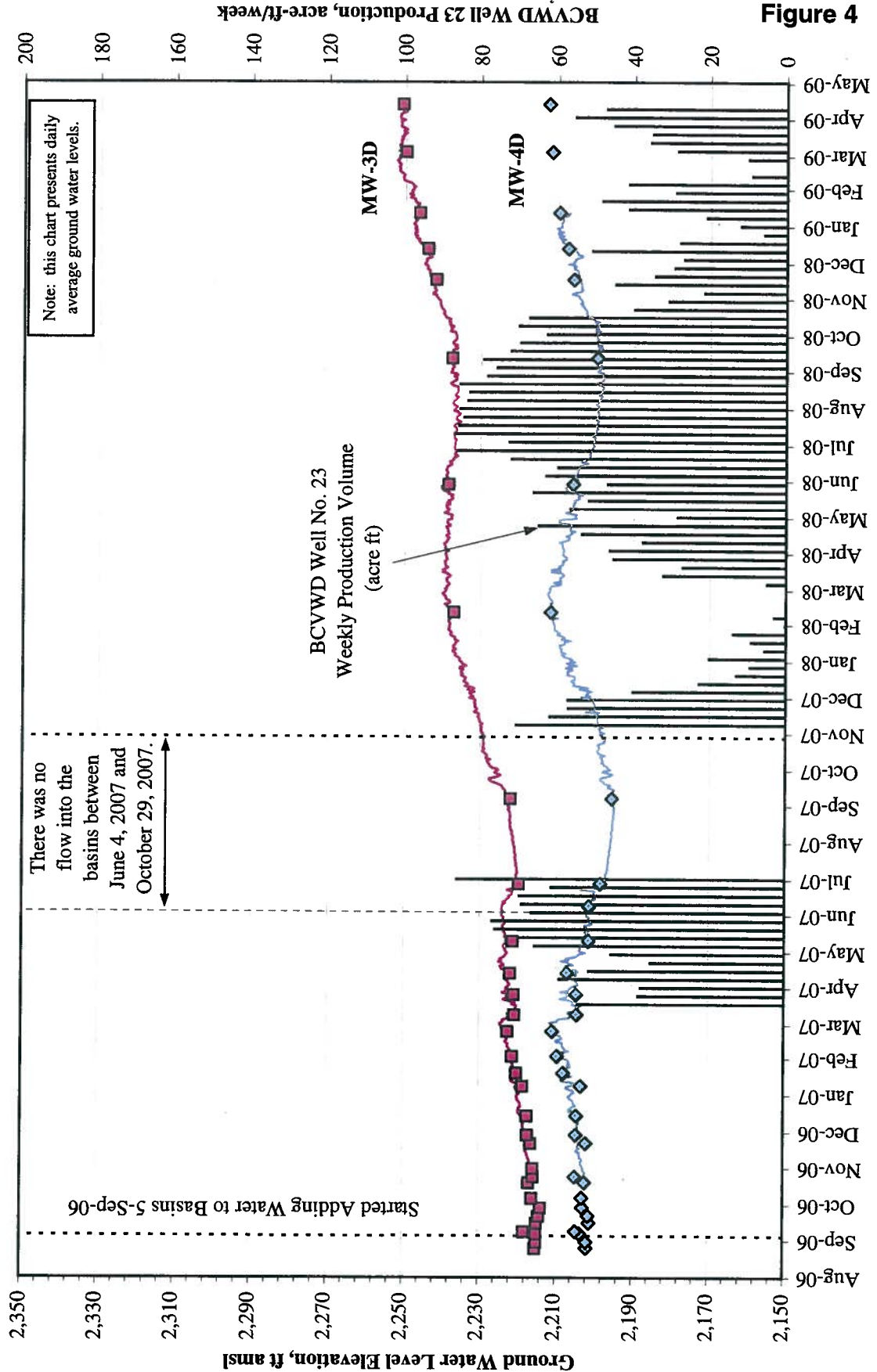


Figure 4

**Ground Water Elevations
 Phase I Shallow Monitoring Wells**

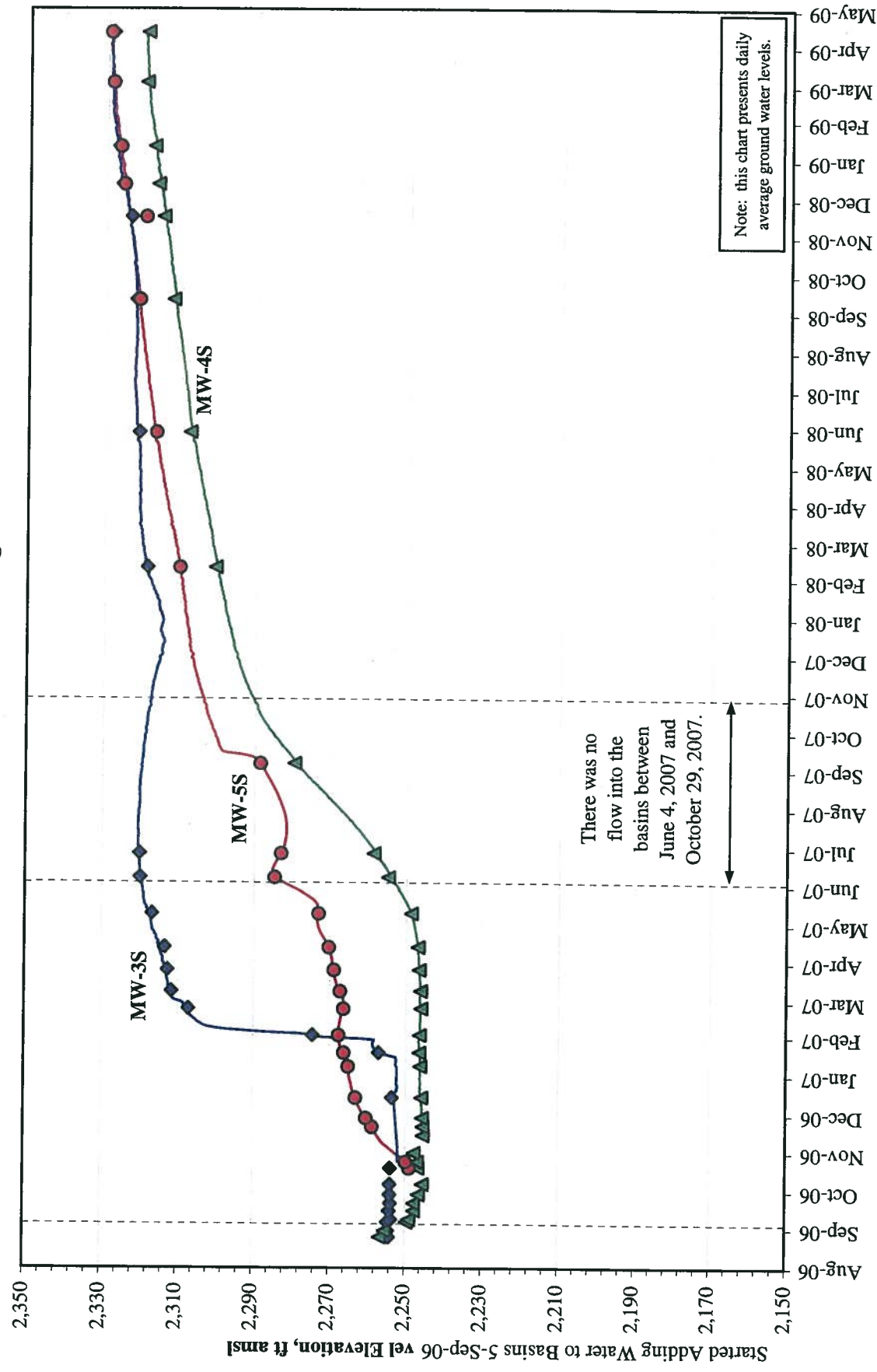


Figure 5

Ground Water Elevations Phase I Deep Monitoring Wells

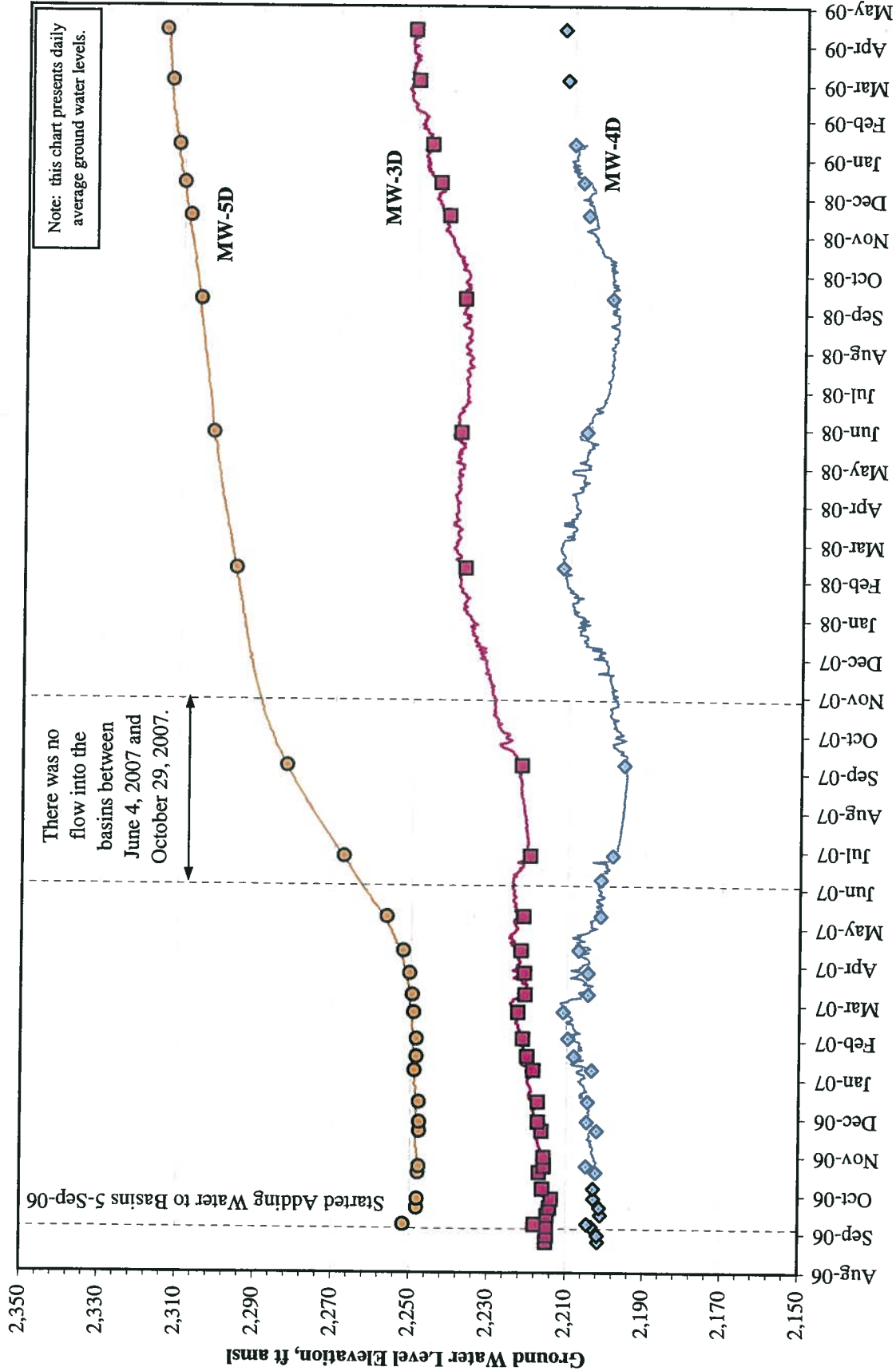


Figure 6

**Ground Water Elevations
 Phase II Monitoring Wells**

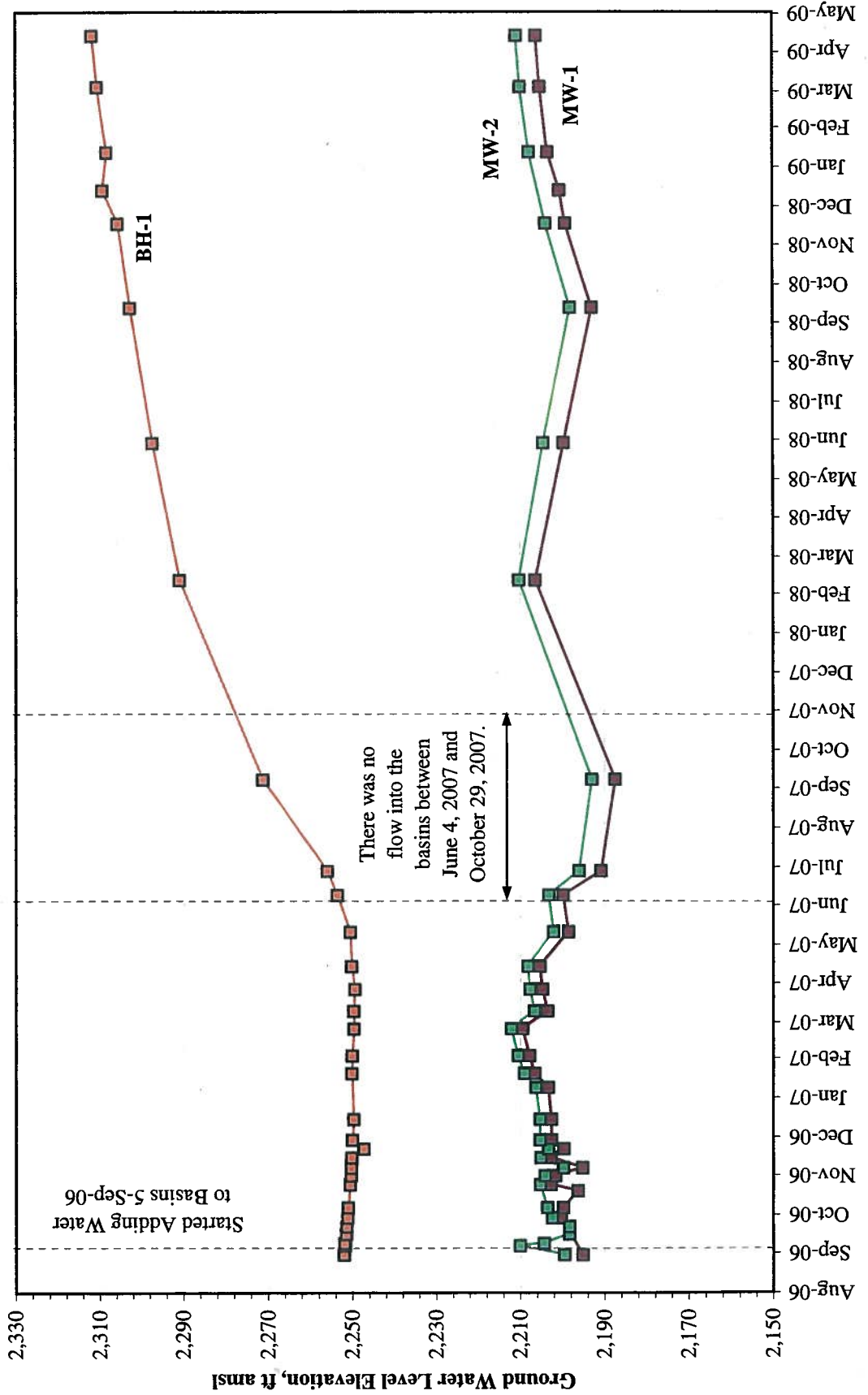


Figure 7

Summary of Phase I 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

BEAUMONT CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue
Beaumont, CA 92223
(951)-845-9581

June 29, 2009

MEMORANDUM

TO: Tony Lara
Interim General Manager

FROM: J. Reichenberger
District Engineer

SUBJECT: BCVWD Water Supply Current and Projected After 2014

This year we have added three new Board members and I thought it may be appropriate to bring all of the Board up to date on the current water supply conditions for the BCVWD and to bring them up to speed on the Beaumont Basin Adjudication and its implications relative to water supply.

In the analysis presented herein, I am making the assumption that there is **no further growth (development) in the District's service area**. In other words, we are only serving the existing ratepayers.

Background on the Adjudication

The Beaumont Basin Adjudication is a relatively complex document as are virtually all Adjudications. Adjudications come about as a result of a series of negotiations; the Beaumont Basin Adjudication was no different. The Beaumont Basin was Adjudicated in February 2004 through a stipulated judgment, i.e., all parties agreed to the terms before they went into court. The court merely memorialized the terms. To change any of the Adjudication will require going back into court. The summary presented below is “just that,” – a brief summary of the important aspects. Board members are encouraged to read the entire document if they haven't already done so. The principal concept in an adjudication is the dividing up of water rights and establishment of a “safe yield” operation of the Basin of the long term.

Implementing the Adjudication required a “physical solution” since it is not reasonable to cut off existing water users without giving them an alternative or supplemental supply. In the case of the Beaumont Basin, there was need to buy time until the San Geronio Pass Water Agency (Pass Agency) could complete the East Branch Extension Phase I (EBX I or EBX) and provide imported water to make up for the for the reduction in pumping. The Basin Adjudication provided for a 10-year period beginning in 2004 to put the Beaumont Basin in a “Safe Yield” operating mode, i.e., end the overdraft and provide the pumpers to develop alternative water supplies, import water etc. Beginning in 2014 the Basin will be in a Safe Yield basis; any pumper must replace any water which is pumped from the Beaumont Basin in excess of his/her right or allocation. If the pumper cannot or is not able to replace the water, the Beaumont Basin Watermaster will assess

the pumper in an amount sufficient to purchase the replacement water. The Beaumont Basin Watermaster is the court-appointed administrator and “accountant” of the Adjudication.

Within the Beaumont Basin there are two types of pumpers:

- **Overliers** – These are pumpers, individuals and companies like Sunny Cal Egg Ranch, golf courses like Oak Valley and PGA, and others that pump water and use it directly on their own land. These individuals typically have the “highest” right.
- **Appropriators** – such as BCVWD, City of Banning, Yucaipa Valley WD, and South Mesa Mutual Water Company. These agencies pump water and sell it to consumers. They use the water on lands they do not own. These are traditionally secondary to the overlies.

In order to come to a settlement, the Appropriators agreed to give all of the estimated safe yield (estimated to be 8,650 Acre-ft/year based on studies) to the Overliers. The Appropriators, thus, have no share of the safe yield. It should be pointed out that the safe yield in any groundwater basin is not a “static” or never changing amount. Over time there could be changes in “return flows,” captured and percolated natural runoff from changes in development, and more information and data on how the basin responds. As a result, the safe yield will be periodically re-evaluated. In the case of the Beaumont Basin in 8 to 10 years the safe yield will be re-evaluated based on the data collected. Any increase in the safe yield will go to the appropriators based on the established percentages in the Adjudication.

Allocating all of the initial estimated safe yield to the Overliers is not as bad as it sounds. The Adjudication provides for the following:

- If the Overliers do not use all of their adjudicated right, the unused portion is allocated to the Appropriators according to an agreed-upon formula. The 5-year running annual average is used for this purpose. BCVWD is entitled to 42.51% of the unused pumping right. This has started to “kick in” in 2009. The first transfer was approximately 4500 acre-ft, of which BCVWD got 42.51% or just over 1500 acre-ft.
- If the Overliers develop their property and the water demand for that development is supplied by an Appropriator, the Overlier must allocate an amount of water equal to the supplied demand back to the Appropriator. This comes from the Overlier’s right. For example, suppose an Overlier has an Adjudicated pumping right of 300 acre-ft/yr and the Overlier develops his/her property for housing that has an annual water demand of 100 acre-ft/yr. If the BCVWD serves that development, Watermaster must be notified and Watermaster will allocate 100 acre-ft/yr from the Overlier’s pumping right to the District. The Overlier gets to keep the unneeded 200 acre-ft/yr of pumping right but must use it on his/her land. It cannot be leased or sold. (Only the Appropriators can lease, sell, or transfer their water, e.g., South Mesa Mutual Water Company to BCVWD. So in the above-described case, when an Overlier develops, he/she already “brings water” and there is no net water impact on the District. If, on the other hand the Overlier has only a 50 acre-ft/yr pumping right and needs 100 acre-ft/yr for the development, all of the Overlier’s pumping right is transferred to the District, but

the District will need to “come up with the other 50 acre-ft/yr.” In this case there is a “water impact.”

- If an Appropriator supplies recycled water to an Overlier, e.g., a golf course, then Watermaster transfers the right to pump an equal amount of water to the Appropriator from the Overlier’s pumping right. So, for example, if BCVWD were to supply 1000 acre-ft/yr of recycled water to the PGA Golf Course, Watermaster would transfer 1000 acre-ft/yr from the PGA Golf Course Overlier Account to the District. The District could then pump this equivalent of groundwater for water supply to potable water users.
- Watermaster has allocated a total of 200,000 acre-ft of water volume in the Beaumont Basin for storage. The Parties to the Adjudication can request a “storage account” which gives the Party the right to store water in the Basin up to the limits of the storage account. A total of 157,000 acre-ft of storage has already been allocated by Watermaster; BCVWD has a 70,000 acre-ft storage account. This provides the Party with an opportunity to store water from wet years to use in dry years. Watermaster keeps an accounting of the water in storage.

The Adjudication involved giving all of the “safe yield” to the Overliers which meant the Appropriators (like the District) would be precluded from pumping any water unless it were totally replenished with imported water or other sources. At the time of the Adjudication there was no source of imported water, so the parties agreed to a temporary, physical solution.

The physical solution involved a 10-year long “mining of water” from the Basin called “temporary surplus” in the Adjudication. This accomplished several important things:

- Provided water to the appropriators to meet the demands during the initial 10-year period until imported water can be delivered and stored
- Lowered the Basin water level to allow the Basin to function better as a storage reservoir – store water which is brought in during wet years and supply this stored water during dry years. Unless the Basin water levels were lowered the water which was stored in the Basin during wet years would flow out of the Basin and be lost.
- Created a 200,000 acre-ft storage volume for conjunctive use and Party storage accounts.

The temporary surplus provides a total of 160,000 acre-ft water which could be pumped at the rate of 16,000 acre-ft/yr for 10 years (2004 -2014). This temporary surplus ends in 2014 at which time the Appropriators will have to replace all water pumped from Beaumont Basin Groundwater, acre-ft for acre-ft. After 2014, any Beaumont Basin groundwater pumped by an Appropriator in excess of the amount of water in their storage account (taking into account all transferred water), will need to be replenished with imported water or other water, e.g., recycled water, captured storm water from paved areas in new developments etc. This must be done on an acre-ft for acre-ft basis. **This is very important and it is important the Board fully understands the implication of this.**

As stated above, in the event the Appropriator does not replace the water as required, Watermaster will invoice the Appropriator in an amount sufficient to purchase the replenishment water. This will have ratepayer implications.

BCVWD Plans at the Time of the Adjudication

When the Adjudication was initially implemented, the District planned to purchase significant amounts of imported water from the Pass Agency and store it in the District's Beaumont Basin storage account so that when 2014 came, there would be ample water in storage to minimize the "shock." According to the 2005 Urban Water Management Plan Update, BCVWD had planned to purchase over 52,000 acre-ft of imported water between 2006 and 2014. . To date, the District has been able to purchase only about 10,000 acre-ft or so.

BCVWD also envisioned using recycled water in 2006 and also the amount set aside to remain in Cooper's Creek was 300 acre-ft/yr. This would have yielded over 1000 acre-ft in 2006 and 2500 acre-ft/yr today. Over the period from 2006 to 2014, we could have stored or used 20,000 acre-ft of water. In summary we could have had as much as 72,000 acre-ft of water in storage by 2014. (The 2005 UWPM envisioned about 61,000 acre-ft in storage by 2014 even considering a strong growth rate. Unfortunately, the District has not been able to get the recycled water system implemented for a wide variety of reasons. The District Engineer hopes the Board will see this as an important element in the District's portfolio, and move forward with this project quickly.)

But things changed:

- The U. S. Fish and Wildlife Service and the State Department of Fish and Game required 1.8 mgd (2000 acre-ft/yr) to remain in Cooper's Creek to maintain habitat for threatened and endangered species. This was negotiated as part of the environmental review process for the recycled water project. As a result only about 700 acre-ft/yr are available – not the 2500 acre-ft/yr anticipated in the UWMP. (Note that the City and BCVWD have retained the right to revisit this with Fish and Wildlife and provide data and evidence to show that the amount that needs to remain in Cooper's Creek can be reduced.)
- No sooner than the District began taking imported water from the Pass Agency that a drought was occurring up north and several court decisions were issued limiting the export of water from the Delta. As a result the District was not able to get all of the water it had planned on.

The District has done some things to offset this shortage. The District, with Board approval, has purchased water from South Mesa Mutual Water Company (South Mesa). This water is from South Mesa's temporary storage account. South Mesa does not anticipate needing it, so they have agreed to sell it to the District. Watermaster transfers this water (about 1500 acre-ft/yr) into the District's storage account. However, this ability to get water from South Mesa will also end in 2014.

Current Situation

The District's current, and only, sources of water are Edgar Canyon extractions, Beaumont Basin extractions, imported water recharged into the Beaumont Basin and transfers from South Mesa Mutual Water Company. At the present time, the District is able to pump (without replenishment) 42.51% of the temporary surplus; this amounts to 6802 acre-ft/yr. The District can do this until 2014. Then this "goes away."

As of July 1, 2008, Watermaster reported the District had 5620 acre-ft in storage in the Beaumont Basin. This is up 1120 acre-ft from the previous year.

During 2008, the District pumped a total of 13,556 acre-ft for District use. This does not include the water pumped for Banning which was deducted from the District’s total pumping and doesn’t count “against” the District. Watermaster transfers that pumping directly to Banning. Table 1 presents the current supply condition based on the current demand of 13, 600 acre-ft. This is reasonable since there has been little growth in the District in 2009 so far.

Table 1
Current (2009) Water Demand and Supply Conditions (acre-ft/yr)

Water Demand for BCVWD	13,600
Water Sources	
Edgar Canyon (25 year ave pumping)	2296
Beaumont Basin (Temporary Surplus)	6802*
State Water Project (Estimated)	3248
Transfer from South Mesa	1500
Distribution of Unused Overlier Pumping	1520
Total Supply to BCVWD	15,366
Net to Storage	1766
BCVWD Water in Storage	7386

* Not available after 2014

Table 1, shows that there is a surplus of supply over demand now and through 2013; but this only occurs as a result of the availability of State Project Water. The difference, 1766 acre-ft/yr will accumulate in the District’s storage account. By 2014, on this basis the District should have about 14,000 acre-ft in storage, i.e., about 1 year of supply. Figure 1 shows what happens between now and 2016 assuming no change in demand.

Condition in 2014 When Temporary Surplus Ends

The situation that the District will face in 2014 when the Temporary Surplus ends is shown in Table 2 and graphically in Figure 1. Again this assumes no growth in demand between now and 2014. In Figure 1, we are assuming there is some recycled water available (785 acre-ft/yr) in 2012. This will help, but not completely eliminate the deficit the District will face in 2014.

Table 2 clearly shows a shortfall of over 5,700 acre-ft/yr. This could come from storage the District had built up over time. As stated above, optimistically BCVWD could have up to 14,000 acre-ft in storage by 2014. With this much water in storage, the District could “survive” for 2 years without “Watermaster replacement water assessments” were invoiced. This would have a significant impact on the District’s water rates.

Another way of looking at it is the District will need 9000 acre-ft/yr of imported water in 2014 to meet its demand (3248 + 5751 = 8999 acre-ft/yr). This will have to be purchased from the Pass Agency – assuming it is available and at a significant price.

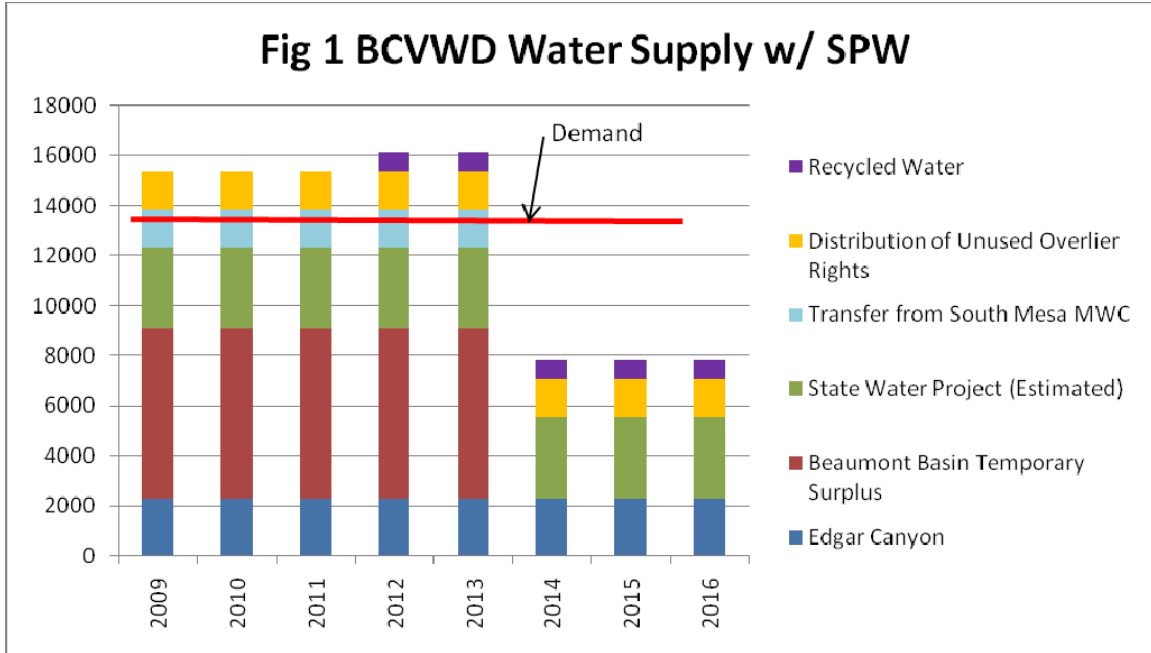
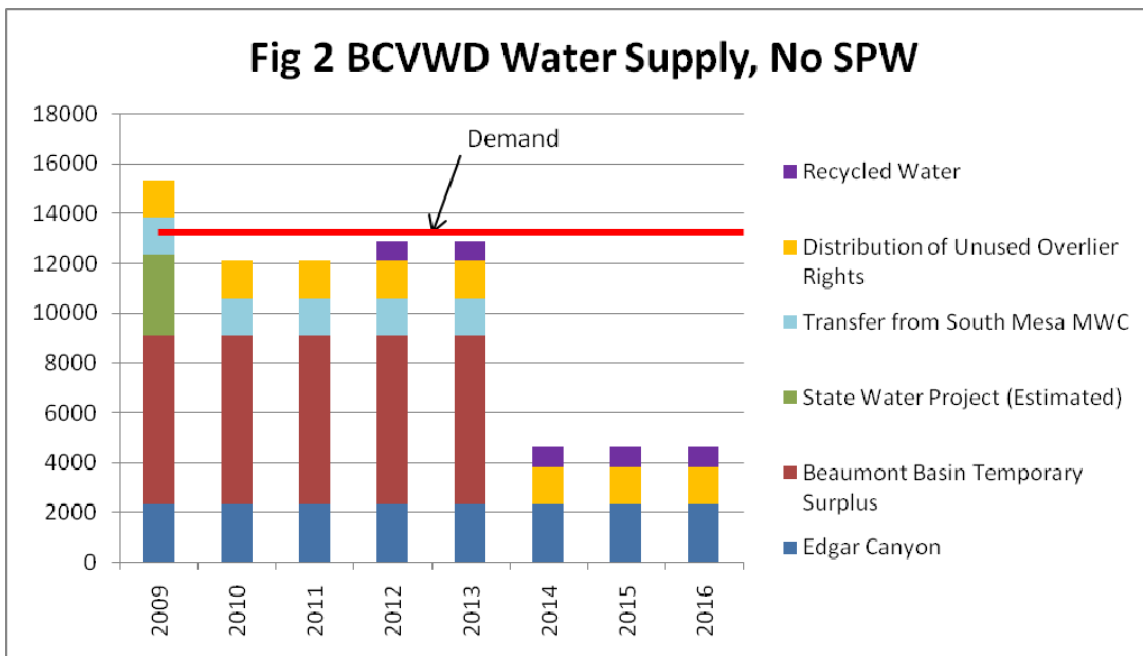


Table 2
Year 2014 Water Demand and Supply Conditions (acre-ft/yr)

Water Demand for BCVWD	13,600
Water Sources	
Edgar Canyon (25 year ave pumping)	2296
Beaumont Basin (Temporary Surplus)	0
State Water Project (Estimated)	3248
Transfer from South Mesa	0
Distribution of Unused Overlier Pumping	1520
Recycled Water	785
Total Supply to BCVWD	7849
Net to Storage	(5751)

Condition with No State Project Water (SPW)

Figure 2 shows the situation with no State Project Water beyond this year. Figure 2 shows that the supply does equal the demand. Under this condition the District would have a depleted storage account in even in 2014.



Condition with Reduced State Project Water (SPW)

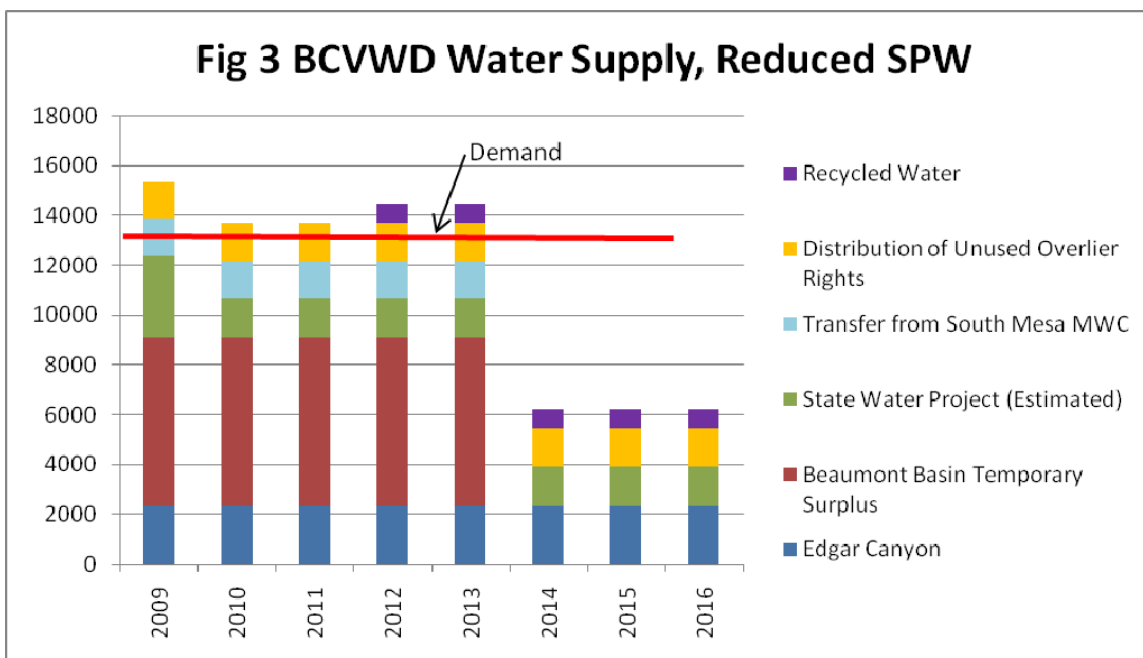


Figure 3 shows what happens if the State Project Water allocation were reduced to 1600 acre-ft/yr, i.e., about half of what the District is getting currently. This is probably a realistic situation and shows that the District is able to meet its demands between now and 2013 and have a little left over to store. Calculations indicated that with the current volume in storage, plus the accumulation in storage that would occur from now to 2013, the District could meet its 2014 demand with the shortfall coming from storage. But in 2015 and thereafter, there will be a problem. There will be no water left in storage. The District will have to find about 7000 acre-ft of water from someplace!

Condition with Reduced State Project Water but with Conservation

In this scenario, it is assumed that the District will implement water conservation to the point where the demand is reduced 20 percent over the next 2 years. It is assumed the demand reduction is permanent. Table 3 summarizes the condition. In the year 2014, there is still a short fall of about 4700 acre-ft of supply.

Table 3
Year 2014 With Conservation (20%)
Water Demand and Supply Conditions (acre-ft/yr)

Water Demand for BCVWD	10,900
Water Sources	
Edgar Canyon (25 year ave pumping)	2296
Beaumont Basin (Temporary Surplus)	0
State Water Project (Estimated)	1600
Transfer from South Mesa	0
Distribution of Unused Overlier Pumping	1520
Recycled Water	785
Total Supply to BCVWD	6201
Net to Storage	(4699)

Figure 4 shows the situation from now to 2016 graphically. Under this scenario the District will be able to put significant amounts into storage, so that we will be able to meet demands past 2016 even though Figure 4 shows a major deficit between supply and demand in the 2014 – 2016 period.

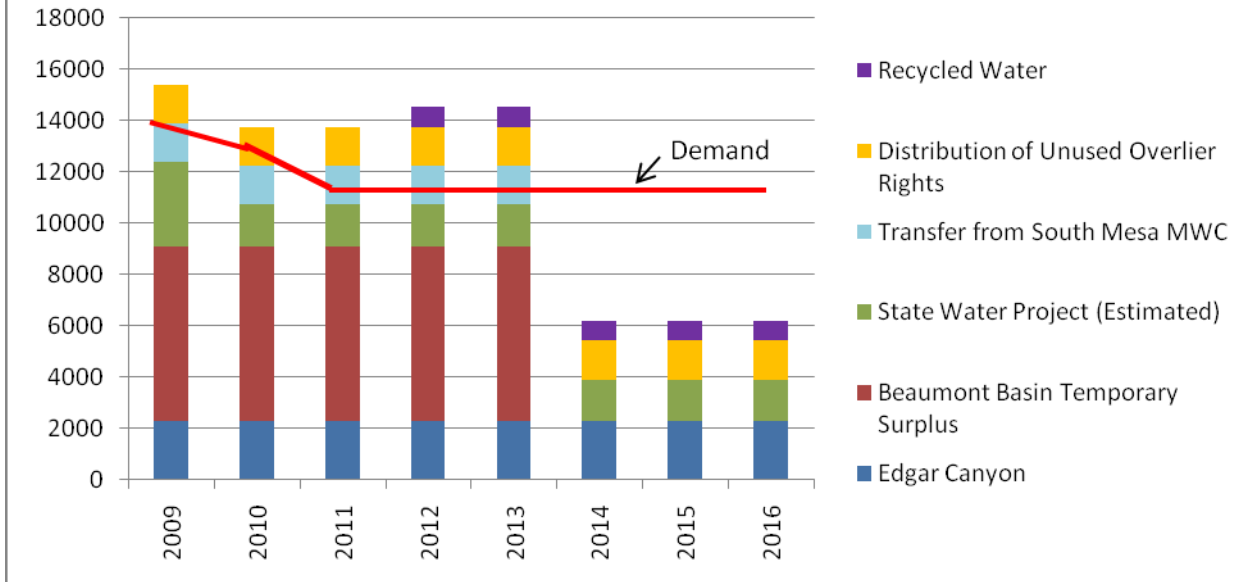
Summary of the Situation

The situation can be summarized quite simply. The District has enough water between now and 2014 to meet the demands assuming no growth. So there is enough water to meet the existing demand. However to do that, the District will need at least 1500 acre-ft/yr from South Mesa and 1600 acre-ft/yr from the Pass Agency. If there is no imported water, the District will have a water supply which is less than the demand.

When 2014 arrives the District is in a very difficult position. Even if the Board does not allow another house to be built, the District will be at least 4700 to 9000 acre-ft short each year depending on the scenario. To meet its demand, the District will have to purchase this amount of imported water or find added local water sources and implement conservation. This will impact the water rates and all ratepayers.

So what will happen if the District overpumps and cannot meet its replenishment obligation? Watermaster will determine how much replacement water is needed and go out and find it and send the bill to the District.

Fig 4 BCVWD Water Supply, Reduced SPW & Conservation



What Can the District Do?

There are a number of steps the District can take to help alleviate or reduce the problem. However to implement these, the District, the City, the Pass Agency and the other local agencies will need complete cooperation. There is no particular order; all should be undertaken as quickly as possible. We do have a few years before 2014.

1. Build up a reserve fund to purchase as much imported water as is available. If there are any wet years in the future, the District must commit to taking as much “Article 21” water as possible. The problem with Article 21 water is that it is available only on very short notice and short duration. Fortunately the District has a place to percolate it – the groundwater recharge project has extremely high percolation rates. The problem is the State Water Project conveyance system in the Pass Area is undersized. It is limited to only half of the Pass Agency’s Table A amount. The Department of Water Resources has put out the EIR for the expansion of the East Branch (EBX II) to bring it to the full Table A, but groups have challenged the EIR. If they are successful, the EBX will be limited to the current 8650 acre-ft/yr and the ability to bring in Article 21 water to meet even the existing demand will be a challenge.
2. Work with the City to develop a landscape ordinance that limits turf, requires “smart ET controllers” and encourages xeriscape. Require the City to install smart ET controllers on all street medians, city parks, and city green belts. Work with the Park District and the School District to do the same.
3. Develop an offset program wherein new developers can convert existing irrigated turf areas to drought tolerant landscaping and artificial turf at their sole expense. Several agencies have such a program. None are local to Southern California currently.

4. Institute water efficiency and water conservation rate ordinances. Many agencies are implementing a tiered rate structure called “double-double.” After a certain baseline usage, the rate for the next increment is double that of the baseline rate. If the consumer goes over the second tier, the rate is again doubled for the next increment, etc. A rate structure like that, can result in a 20 percent savings in water. The state is requiring this 20 percent reduction in water use, so it is important the District get started. If the District can conserve 20%, Table 3 and Figure 4 summarize the supply situation. Note that even with 20 percent conservation, the District will need about 6200 acre-ft/yr of imported water to meet demand. This is 36% of the Pass Agency’s Table A amount. In some years, the Pass Agency might not be able to get even this much water from the State and there will be others (Banning, Yucaipa etc.) looking for a share of this.
5. Begin to develop additional local water. For example there could be 2000 to 3000 acre-ft/yr of groundwater available in the San Timoteo Basin. This is not subject to the Beaumont Basin Adjudication and could be put into the recycled system and distributed to golf courses.
6. Explore the feasibility of extracting nitrate-contaminated groundwater at the mouth of Edgar Canyon and putting it into the recycled water system. This could generate another 1000 acre-ft/yr or so.
7. Install a well in the Singleton Basin (not in the Beaumont Basin Adjudication). The Hannon (2650 Zone) Tank site envisioned a well on the southeast corner of the property. Studies in the 1980s indicated that yields of 250 to 500 gpm could be developed. This could generate about 700 or 800 acre-ft of water.
8. Work with City and perhaps others to develop a financing package to purchase more water and water rights. This could include participation in groundwater desalters and exchanging water with other agencies. But this will take money.
9. Consider working with Yucaipa Valley Water District to use some of their surplus recycled water to supplement BCVWD. Their recycled water could be introduced into the District’s system at I-10 and Cherry Valley Blvd. Watermaster’s Resources Optimization Plan, which is about to be completed, discusses this concept.
10. Fully implement the stormwater capture program in Edgar Canyon and Noble Creek (the final phases of the Groundwater Recharge and Capture Program). Consider capturing and percolating water from stormwater retention basins constructed with new developments and transferring this water to places where it will percolate, e.g., the District’s Groundwater Recharge Site. This could develop up to 4800 acre-ft/yr of new water supply.