

**RECORD OF THE MINUTES OF THE
SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
BEAUMONT CHERRY VALLEY WATER DISTRICT
March 17, 2010**

CALL TO ORDER, PRESIDENT BALL

President Ball called the meeting to order at 7:00 p.m., 560 Magnolia Avenue, Beaumont, California.

PLEDGE OF ALLEGIANCE, DIRECTOR ROSS

Director Ross led the pledge.

INVOCATION, VICE PRESIDENT PARKS

Vice President Parks recited the invocation.

ROLL CALL, JULIE SALINAS

Those responding to roll call were President Ball, Vice President Parks and Directors Halliwill, Ross and Woll. Also present at this meeting were General Counsel Gil Granito, Interim General Manager Anthony Lara and Business Manager Julie Salinas.

PUBLIC INPUT

Secretary Woll invited Judy Bingham to address the Board on an item not on the agenda. Ms. Bingham reported that she had attended the City Council meeting where the Department of Public Works presented a report on the San Timoteo Management Zone. It was reported that this was being done in lieu of recycled water. Ms. Bingham wanted to know if the District had an agreement with the City. Ms. Bingham also reported that Council Member Gall inquired on the purple pipe and was told "That's there problem." Ms. Bingham stated that she was just reporting what was being said.

President Ball agreed with Ms. Bingham that these pipes were part of a bigger project. The full name of the project is Non Potable Water Project and it carries more than just recycled water. President Ball shared that in 1993, there was an MOU between the City and the District that set things in motion. One of the stipulations of the agreement was that within 18 months there would be an MOU for recycled water. 17 years later, there is still no agreement between the two entities.

ACTION ITEMS

1. ADOPTION OF THE AGENDA

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

2. FINANCIAL REPORTS

a. Bills for Consideration**

Board Action
February 2010

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

Vice President Parks moved to approve the February 2010 Invoices. Director Woll seconded. The motion passed unanimously.

b. Invoices Pending Approval**

Board Action

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

Director Ross moved to approve the invoices pending payment. Vice President Parks seconded. Director Halliwill requested to speak. Director Halliwill corrected the invoice total for the Redwine & Sherill invoice shown on the Memorandum from 10,283.50 to \$10,295.70. He further requested that Parsons Engineering Science included a total on their memorandums submitted along with invoices. Motion was amended to include the correction and suggestion by Director Halliwill. The motion passed unanimously.

c. Month End Financial Statement

Secretary Woll invited Luwana Ryan to address the Board on item 2-C. Ms. Ryan expressed her concern that as of February 28th, the District had just a little over 2 million dollars in the bank and with the approval of the invoices for professional services the District has approximately 1.8 million dollars in the bank. Ms. Ryan noted this was dangerous territory.

Ms. Ryan also noted that the invoices pending approval included two legal billings and that these billings seem to be on the rise, possibly due to the regular attendance of Board meeting by Legal Counsel. Ms. Ryan suggested the Board cut some cost by running some meetings without having Legal Counsel in attendance.

Director Halliwill pointed out that on page 22 of 54, the budgeted amounts for rental income from District residences appears to be incorrect. With monthly rental charges set at \$200, the annual budget should be \$2,400, not \$1,200.

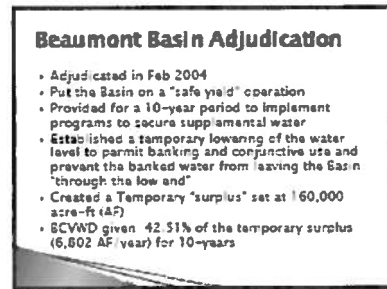
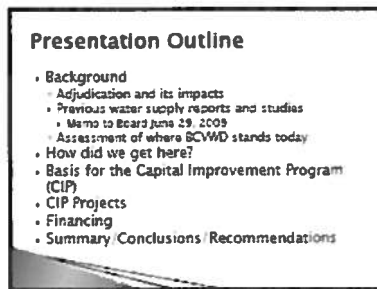
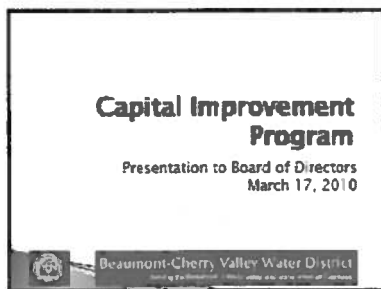
Board Action
February 2010

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

Director Halliwill moved to accept the February 2010 Financial Statement with changes to 2010 proposed budget. Director Ross seconded. The motion passed unanimously.

3. **OPEN WORKSHOP**

a. Presentation of the Five-Year Major Capital Expenditures Plan**



Adjudication Cont'd

- Temporary Surplus will expire in Feb 2014
- All pumpers will have to pay Watermaster to purchase water if the pumper exceeds his/her pumping right
- The pumping right for all "appropriators" e.g. BCVWD is zero after Feb. 2014
- The District will need to find alternative sources for the 6,802 AF/year or pay Watermaster to replace it
- Cost -- \$320/AF± and rising

Adjudication Cont'd

- Re-allocation of unused Overlier Pumping Rights offsets some of the shortfall
- Overliers in the Basin were assigned pumping rights
- If they do not use them, the unused portion is allocated back to appropriators, e.g. BCVWD and others
- In 2009 the re-allocation to the District was about 1,500 AF
- It is likely this amount will continue and reduce the 6802 AF/yr shortfall to maybe 5,300 AF/yr
- Shortfall will be an issue even if no new connections are added!

June 2009 Memo to Board

| Current 2009 Conditions | Acre-ft |
|--|---------|
| Water Demand | 13600 |
| Water Sources | |
| Edgar Canyon | 2296 |
| Beaumont Basin Temporary Surplus | 6002 |
| State Water Project (Estimated) | 3248 |
| Transfer from South Mesa MWC | 1500 |
| Distribution of Unused Overlier Rights | 1520 |
| Recycled Water | |
| Total Water Supply | 15366 |
| Net to or from Storage | 1766 |
| Total Water in Groundwater Storage | 7386 |

2014 Conditions

| | Acre-ft |
|--|---------|
| Water Demand | 13600 |
| Water Sources | |
| Edgar Canyon | 2296 |
| Beaumont Basin Temporary Surplus | 0 |
| State Water Project (Estimated) | 3248 |
| Transfer from South Mesa MWC | 0 |
| Distribution of Unused Overlier Rights | 1520 |
| Recycled Water | 785 |
| Total Water Supply | 7849 |
| Net to or from Storage | -5751 |
| Total Water in Groundwater Storage | 10289 |

Assumes no more connections!

Beyond 2014

| | 2015 | 2018 |
|--|-------|-------|
| Water Demand | 13600 | 13600 |
| Water Sources | | |
| Edgar Canyon | 2296 | 2296 |
| Beaumont Basin Temporary Surplus | 0 | 0 |
| State Water Project (Estimated) | 3248 | 3248 |
| Transfer from South Mesa MWC | 0 | 0 |
| Distribution of Unused Overlier Rights | 1520 | 1520 |
| Recycled Water | 785 | 785 |
| Total Water Supply | 7849 | 7849 |
| Net to or from Storage | -5751 | -5751 |
| Total Water in Groundwater Storage | 4518 | -1233 |

Conservation

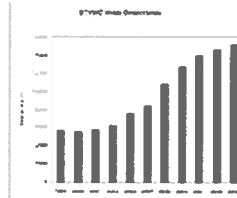
- With Conservation we can extend the point where our storage goes negative to about 2017 or so
- Will provide a few more years to implement projects to secure more water

Time for Action

- We must act now to start implementing projects for water supply
- Not for new growth
- But for current rate payers!

How did we get here?

Growth in Connections



A "Perfect Storm"

- Delay in implementation of Recycled Water Project
- Reduced State Water Project Deliveries due to Drought
- State Water Project Delivery reduction due to endangered species (Wanger Decision and the Delta Smelt)



All outside of the District's Control

By 2014 per the 2005 UWMP

- **Imported Water**
 - Assumed to start in 2006 (Actual 9/5/06) OK
 - 52,568 AF Assumed in UWMP (Actual Through 12/2009 = 15,959 AF)
 - Difference is enough for 3 year's demand!
 - Planned on 6,800 AF/yr; likely will get only about 3,200 AF/yr from now on (60% of '06 to '09)
- **Recycled Water**
 - Assumed to start 2006 (actual ???)
 - 48,017 AF Assumed in UWMP (actual = 0)
 - Also we lost 2,000 AF/yr (1.8 mgd) which must remain in Cooper's Creek for "habitat" maintenance

Basis for 5-yr CIP

- **Nominal Growth**
 - 150 to 350 EDUs/yr from now to 2015
 - 1000 AF increase in demand by 2015
 - Conservation will and the economy might impact the demand increase
- **Average Daily Demand over the next 5 years**
 - 12.2 to 13.1 mgd
- **Maximum Summer Day Demand for the next 5 years**
 - 27.5 to 29.4 mgd

Yes, we pump over 27 million gallons a day during the summer

Well Supply

- With our largest well out of service (Well 29)
- Currently can pump 28.3 mgd
- Sufficient to 2013
- Need to add another well before 2013
- A new large well would increase pumping capability to 33 mgd with largest well out of service (2015 max day = 29.4 mgd)
- Good for a number of years into the future

Reservoirs and Storage

- Currently have 22.5 MG of storage tank capacity
- Almost 2 days of storage at average demand
- 20 hours of storage at the maximum day demand
- Our large wells have generators for power outages
- We are OK for the foreseeable future

Water Supply

- By 2015, based on the growth assumptions, BCVWD will be short 8,400 AF- Assumes
 - 800 AF recycled water from City of Beaumont
 - 1600 AF from State Water Project
 - 1500 AF of distributed Overliefer pumping rights
- Conservation will reduce this short fall but will not eliminate it

New Water Supply Projects

| Other Sources (Rough Estimates) | AF/yr/Year |
|--|---------------------------|
| Explores from new and | 600 |
| Bonita Vista/Cherry Valley Water | |
| Cooper Well Rehabilitation and Upgrade | 200 |
| RK-1 Well Rehabilitation | 200 |
| Lower Edgar Canyon Pollution Control | 700 |
| Extraction to Recycled Water System | |
| San Ysidro Wells and Ponds to Recycled Water Supply | 1,000 |
| Stormwater capture in Little San | 2,000 |
| Cooper to Creek | |
| Landmark Stormwater Capture | 500 |
| Rubber Dam in Mobile Creek | 1,000 |
| Purchase of State Project Water Rights or Secondary Recycled Water | Purchase 2700 to net 1300 |
| Connection with Yucaipa Valley WD | 1000 + |

Total = 8,460 AF/Year


New Well in Singleton Basin

- Space allocated at 2650 Zone (Hannon) Tank site during tank design
- Included in CEQA for Hannon Tank
- Singleton Basin is not adjudicated
- Produce about 600 AF/yr

Rehab Bonita Vista and Cherry Valley Mutual Wells

- Inspect and Rehab existing wells
- Install pipeline to connect to non-potable (recycled) water system
- Connect to non-potable pipe system at Well 16 site
- Produce 500 AF/yr


BV and CV Mutual Wells and Pipeline



RR-1 Well Rehab

- District Well drilled at mouth of Edgar Canyon in the mid-80s
 - Little water produced
 - High nitrates
- Inspect, swab, redevelop
- Drill deeper?
- Connect to non-potable (recycled) water system
- Produce about 300 AF/yr

RR-1 Well Rehab and Pipeline



Pollution Control Project

- Series of Extraction Wells at Mouth of Edgar Canyon to intercept high nitrate GW
- Needs significant hydrogeologic work
- USGS Reported* 11.3 mg/L as N (50 mg/L as NO3) in well N/o spreading grounds in Edgar Canyon
- Prevent intrusion into Beaumont Basin
- Connect to non-potable (recycled) water system
- Produce 700 AF/yr

*SIR 2006-5026

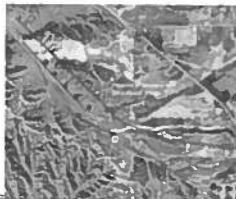
Pollution Control Project



San Timoteo Wells & Pipeline

- Very Conceptual
 - Needs significant hydrogeologic work
- Beaumont WWTP has and must continue to discharge into Cooper's Creek
- Water Quality is questionable
- Extracting it would improve WQ in downstream GW basins
- Construct a series of extraction wells and pipeline connection to recycled water system
- Produce 1000 AF/yr??

San Timoteo Extraction Wells



Complete Storm Water Capture in Little San Geronimo Creek

- Completion of BCVWD's Stormwater recharge and recovery program
- Convert basins at mouth of Edgar Canyon to desilting basins and pipe desilted water to the GW recharge site
- CEQA work is done; design almost done
- Includes 2nd Phase of Recharge Ponds
- Produce about 2000 AF/yr of water on a long term basis


Do the Basins Really Work?

- Emphatically Yes
- BCVWD percolated 15,959 AF in 3 years
- This is 5.2 Billion Gallons of Water
- More than 1 year's worth of pumping
- Shallow monitoring wells went up 94.4, 86.1 and 89.5 ft respectively
- Deep monitoring wells went up 44.8, 10.9 and 78.3 ft respectively
- Water is reaching the deep aquifer!

Sundance Stormwater Capture


- Existing detention pond(s) really do not percolate the water
- Water must be pumped out; goes down Smith Creek to the desert
- Development has increased runoff
- Install a pump station and pipeline to BCVWD recharge site
- Produce about 500 AF/yr

Sundance Stormwater Capture




Rubber Dam In Noble Creek

- Install inflatable dam in Noble Creek adjacent to BCVWD's Recharge site
- Divert stormflows into the ponds
- Will require the construction of 2nd phase of the recharge ponds
- Produce 1000 AF/yr



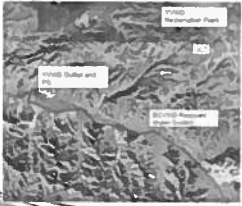
Rubber Dam In Noble Creek




Secondary Recycled Water Connection with Yucaipa VWD

- Two alternatives
 - From YVWD outfall in San Timoteo Canyon and pipeline to Palmer Dr and San Timoteo Canyon Rd
 - Connection at I-10 and Cherry Valley Blvd
 - Small tank and booster pump at Well 29
 - 5000 ft long pipeline to recycled system
 - Banning may share in the facilities
- Working with YVWD currently
- Will be applying for State Planning Grant
- Produce 2,000 AF/yr or more

YVWD Recycled Water Alternative 1



YVWD Recycled Water Alternative 2



Other Agency Water Resource Project

- Buy into other agency water resource projects and "swap" with imported water
 - GW desalters
 - Ocean Desalination
 - Contaminated groundwater treatment projects
 - Recycled water projects
 - Need to work with Pass Agency regarding "wheeling"
 - Very feasible
- Not in the CIP but an alternative to purchase of more Table "A"

Purchase of New Water Rights

- Opportunities to purchase additional "Table A" from other SWP contractors
 - Reliability issues
 - Need to buy more due to 60 to 70% reliability
 - Takes a long time, CEQA etc.
- Could also purchase unused Table A on a year to year basis from other State Water Contractors (SWC) who currently have surplus
 - Will require DWR and SWC approval
 - Need to work with Pass Agency on "Wheeling"
- Not in CIP at this time, but an alternative

- ### Other Projects
- Highland Springs Reservoir Recoating
 - GIS/CPS Equipment upgrade/replacement
 - Needed for asset management
 - Major technology breakthroughs makes current equipment somewhat out of date
 - Distribution pipeline replacement
 - Replace old, leaky 4" and 6" pipelines
 - 24,000 linear feet
 - 20 projects
 - Reduce water loss, maintenance and improve fire protection
 - New Operations and Maintenance Center
 - Not in CIP at present

What will it cost?

- ### Costs Include
- Construction
 - Land (where needed)
 - Engineering/Legal/Inspection
 - Permitting and CEQA
 - 20% Contingencies

| Project | Estimated Cost |
|---|----------------------|
| Basinport Basin Water Wall | \$ 3,375,000 |
| Sequim Basin Wall | \$ 1,802,000 |
| Bonita Vista/Cherry Valley WC Wall Rehabilitation and Pipeline | \$ 1,879,000 |
| RR-1 Wall Rehabilitation and Pipeline | \$ 400,000 |
| Pollution Control Project | \$ 5,140,000 |
| San Timoteo Non-potable Walls and Pipeline | \$ 6,590,000 |
| Completion of the Stormwater Project and Phase 2 of the Recharge Facility | \$ 10,757,000 |
| Bundarra Stormwater Recovery | \$ 2,292,000 |
| Noble Creek Rubber Dam | \$ 1,820,000 |
| Secondary Recycled Water Connection | \$ 7,820,000 |
| Highland Springs Reservoir Painting and Rehabilitation | \$ 177,000 |
| Distribution and Transmission Pipeline Replacement | \$ 3,277,000 |
| GIS Equipment | \$ 47,000 |
| Total All Projects | \$ 44,477,000 |

Does not include O&M Center or Purchase of new Table A

- ### Where will the money come from?
- BCVWD will be looking for grants and low interest loans
 - US Bureau of Reclamation
 - Long arduous process and will involve many trips to Washington DC to "lobby" for inclusion on appropriations
 - Eastern, SAWPA, IEUA and others have been very successful, but takes time and money
 - BCVWD will need outside help to pursue
 - State Water Resources Control Board
 - Secondary Recycled Water Connections easily eligible
 - Pollution control and San Timoteo Extraction projects - Maybe eligible for some funding

- ### Money Sources Cont'd
- Pipeline Replacement from Depreciation Funds
 - Developer "new water" fees
 - Impact fees will need revisiting

- ### What if we "Do Nothing"
- We could be short 6,000 to 8,400 AF by 2015 or so
 - At \$350/AF for imported water, this is \$3 million/yr
 - Future cost of imported water???
 - Over 20 years and assuming the cost of water does not increase, BCVWD will need \$37.4 million now assuming 5% interest
 - If we assume a 2% increase in the cost of water per year, BCVWD will need about \$54 million over the next 20 years

- ### Conclusions
- The program is expensive -- \$45 million
 - Future costs will be large if we "do nothing"
 - We can't look back; the past is history; we need to look forward and move forward
 - We need to look for a source of revenue for the program
 - Revenue bonds?
 - Special assessments?
 - Rate consultant needs to "weigh in"
 - Grants and Low interest Loans
 - BCVWD cannot continue to stand back and watch things happen

- ### Recommendations
- Authorize staff to:
 - Seek out supplemental funding from Bureau of Reclamation, SWRCB and other sources
 - Retain outside consultants to help
 - Begin to initiate engineering and environmental studies to implement the CIP
 - Staff will need help in implementing and managing this large program and seeking outside funding - Program Management Consultant?

4. CONTINUANCE OF MEETING

Interim General Manager Lara suggested two dates for a possible special Board meeting. Staff does not know the exact date when the loan paperwork will be ready to execute. There will likely be very little notice and the Board will need to act in a timely manner in order to secure the rates. Mr. Lara suggested the dates of March 24th or March 29th. No action needed.

ACTION LIST

- Contact Parsons Engineering Science and request the addition of an invoice total on the memorandum cover sheet.
 - Adjust budget to reflected corrected rental income budget of \$2,400
-

5. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL-

A. Closed Session will be held to pursuant to subdivision (b)(1) of Government Code Section 54957 to consider the employment of a Controller/Chief Financial Officer.

6. OPEN SESSION- REPORT ON CLOSED SESSION

President Ball reconvened to Open Session at approximately 11:18PM.

General Counsel Gil Granito reported that at approximately 9:20 PM the Board went into Closed Session pursuant to Government Code Section 54957(as reflected as Item 5.A. of tonight's agenda) to discuss the employment of a Controller/Chief Financial Officer. At the conclusion of the Closed Session the Board reaffirmed its intent to create and fill the position of Controller but no final action was taken. The Closed Session ended at approximately 11:16PM.

7. ADJOURNMENT

President Ball adjourned the meeting at approximately 11:18PM.



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

Attest:



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