

**RECORD OF THE MINUTES OF THE  
SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
April 28, 2010**

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**CALL TO ORDER, PRESIDENT BALL**

President Ball called the meeting to order at 7:01, 560 Magnolia Avenue, Beaumont, California.

**PLEDGE OF ALLEGIANCE, DIRECTORS ROSS**

Director Ross led the Pledge.

**INVOCATION, VICE PRESIDENT PARKS**

Vice President Parks recited the invocation.

**ROLL CALL, BLANCA MARIN**

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

**PUBLIC INPUT**

Secretary Woll invited Luwana Ryan to address the Board on an item not on the agenda. Ms. Ryan stated that at the last board meeting the board appointed an ad hoc committee to investigate a water bill dispute from Ms. Cunningham. She indicated that instead of taking a decision the board decided to appoint this committee to investigate the issue. She indicated that the District is putting a bad precedence by assigning an ad hoc committee for one customer instead of making a decision.

Luwana Ryan further indicated that on February 9 of 2007 in Sudhir's report, 6% rate increase was recommended for the following five years but the rate increase never took place. She stated that in the same report recommendation was made that once the District refined the customer's data base then an accurate tiered rate structure could be created.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

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

**2. REVIEW OF DRAFT 2010 WATER RATE STUDY\*\***

Secretary Woll invited Frances Flanders to address the Board on this item. Ms. Flanders indicated that she was disappointed with the rate study presentation given at the last board meeting. She further indicated that even the corrected version of the rate study included in the current agenda was not correct. She indicated that she did not feel confident about the analysis. She indicated that there were no other examples of water rate information or water rate structure from other neighboring agencies as mentioned in the Willdan Rate Study. She stated that because Willdan did not complete the tasks as indicated in the original contract then Willdan should not charge the District extra money.

President Ball invited Greg Tobler from Willdan Financial Services to report on this item. Mr. Tobler provided a verbal report on this item indicating that he is in the process of getting the information on water rates but he has had some difficulties in contacting people

from surrounding agencies. As far as water conservation blocks, he developed a two tiered conservation system for commercial rates. He indicated that the development of tiered rates for some commercial customers really does not happen due to the wide range of customer classes and setting the allotment for the tiers would be difficult and unfair for some businesses so historically, in most agencies that Willdan have seen, it has been a uniform rate other than residential and multi family customers classes.

President Ball questioned Willdan's Representative as to when he would have the information on other local agencies' rates for the report. He further questioned Willdan if it was ever defined as to how many cities he needed to contact and what other agencies to contact.

Director Halliwill stated that he would be interested to hear about other water rates from special districts similar to BCVWD.

President Ball indicated that nobody on the Board has seen the contract with Willdan. He indicated that Willdan worked directly with Staff in preparing this study.

Interim General Manager Anthony Lara indicated that at the last rate study other agencies like, Redlands, East Valley, Mission Springs and Desert Water Agencies were contact as these agencies are comparable to the District in size. He recommended that Willdan contact these agencies and other agencies like Yucaipa Valley to obtain this information.

Lara reported that Willdan provided four options as the Board requested at the last board meeting. He indicated that as he reviewed the four reports and as he took into consideration other staff's opinions he recommends that the Board select option four which was the Modified CIP Bond Issue. He also recommended that the District continue collecting the same pass thru charges.

Mr. Tobler recommended that the District revisit the rates in five years because projections of more than five years would not be accurate.

President Ball indicated that the Board should review option four as recommended by staff and to further select one more option to discuss as well.

Director Halliwill moved that the Board to consider options one or four. Director Ross seconded.

The Board unanimously agreed to discuss item four.

Greg Tobler with Willdan indicated that he took Staff's computer reports and created an average consumption on the domestic customer class for the last three years. He indicated that he based the agricultural rates on the information given by Staff at the District and that he did not see the lower rate for these customers.

Further discussion took place between staff, public and Mr. Tobler regarding the water need for commercial, domestic and agricultural customers. He indicated that if there was a concern on the agricultural water rate then he would have to further review each customer's account and come up with a different water rate for these agricultural customers.

Director Ross questioned Mr. Tobler as to whether or not he had seen the analysis in the last rate study by Raftelis Financial.

Greg Tobler from Willdan indicated that he had not seen the analysis behind Raftelis' Rate Study and that he would have to see Raftelis model to see how they arrived at the rates in the 2007 report.

President Ball invited Fran Flanders to address the Board. Ms. Flanders read a section of the contract under exhibit "A" indicating that "is the new rate structure equitable to all

customer classes? There maybe social and political concerns that concern customer classes can not afford on higher rate structure" as this want of the items that Willdan was to complete.

Discussion followed on the water rate for agricultural customers as the percentage of agricultural customers is low and the water was calculated higher than the domestic customers.

Director Ross voiced his concerns related Proposition 218 which indicates that the State is mandating a 20% conservation. He further voiced his disappointment on the lack of information in the report. He further recommended that Willdan includes more tiers as the two tiers which he recommends in the report will not be enough to cause the rate payers to conserve water. He indicated that he would like to see other District's tiered rates and water conservation structures.

Discussion followed between Legal Counsel and the Board regarding the conservation issue according to 218 and the unfairness of charging customers according to their lot sizes. Mr. Tobler indicated that he could propose other customer classes in the next few days if the Board required him to.

As requested by President Ball, Interim General Manager Anthony Lara explained that the irrigation customers have a schedule to be turned on and off on certain days, this to minimize the impact on the District's water system. He also explained that there are people with out-of-season irrigation who request to be left on at a domestic water rate.

President Ball invited Patsy Reeley to address the Board on this item. Ms. Reeley indicated that she does not see why there is a lower rate for irrigation customers as it is the same water. She further indicated that she agrees that a rate increase is necessary; however it has to be a moderate rate increase which more people can afford.

As requested by the public, President Ball explained that the proposed increase in option number four will be a 15% for the remaining of this year of 2010, 7% increase in 2011, 6% in 2012 and no rate increase for the following two years and also it would give the Board 25 million bond with an estimated 5.5% interest for the next thirty years to do a scaled down version of some of these capital improvement projects.

Director Halliwill noted his agreement about the need for the District to move on with the rate increase, so he recommended that Staff look more closely to the option that the Board chooses.

Vice President Parks urged the Board not to prolong the decision on a water rate increase and to make a decision on tonight's meeting to further expedite the rate increase.

President Ball invited Eric Frasier to address the Board on this item. Mr. Frasier indicated that the Board needs to focus on what the District's revenue requirements are. He stated that there should not be special rates for special customers because this can lead to possible litigations. He indicated that in the District case, the rate increase can be based depending on the safe yield in the Beaumont Basin as the amount above what the District is permitted has to be paid back, therefore that extra cost can be a justifiable charge that can be passed on to the customers. He further indicated that people issuing the bonds will look at the District's ability to manage and pay back the bond.

Director Ross proposed that the Rate Study from Willdan be sent back and be worked on to include more conservation options.

Director Woll moved for the Board to schedule another meeting to hear the additional information and determining the final proposal and to move forward with the 218 Notice. Motion died for lack of a second.

Director Woll moved to move forward with Option Four as presented and to move forward with preparation of Proposition 218 Notice process. Vice President Parks seconded. The motion passed unanimously.

**3. CLOSED SESSION- CONFERENCE WITH LEGAL COUNSEL**

President Ball adjourned the meeting to Closed Session at 9:03 p.m.

**A. A Closed Session will be held pursuant to subdivision (a) of Government Code Section 54956.9 to confer with legal counsel on a pending litigation matter (Daniel Slawson and Arlene Slawson vs. Beaumont Cherry Valley Water District-Riverside County Superior Court, Case No. RIC 533149)**

**B. A Closed Session will also be held pursuant to Government Code Section 54957.6 to confer with the District's Labor Negotiators (Directors Stella Parks & Ken Ross and Interim General Manager, Anthony Lara) regarding the Memorandum of Understanding with the District's represented employees.**

**4. OPEN SESSION - REPORT ON CLOSED SESSION (General Counsel)**

President Ball reconvened to Open Session at approximately 10:30PM.

At approximately 9:03PM, the Board went into Closed Session to discuss the following matters as reflected on tonight's agenda:

The first matter discussed in Closed Session concerned Item 3.A. of tonight's agenda. This phase of the Closed Session was held pursuant to subdivision (a) of Government Code Section 54956.9 for the purpose of conferring with Special Counsel telephonically and General Counsel on the pending litigation noted in Item 3.A. of tonight's agenda. No further reportable action was taken.

The second and last matter discussed in Closed Session concerned Item 3.B. of tonight's agenda. This phase of the Closed Session was held pursuant to Government Code Section 54957.6 for the purpose of conferring with the District's labor negotiators. No further reportable action was taken.

**5. ADJOURNMENT**

The Special Meeting adjourned at approximately 10:33 p.m.

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

Attest:

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