



**BEAUMONT CHERRY VALLEY WATER DISTRICT  
AGENDA  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
Wednesday, May 12, 2010 at 7:00 PM  
560 Magnolia Avenue, Beaumont, CA 92223**

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**CALL TO ORDER, PRESIDENT BALL**

**PLEDGE OF ALLEGIANCE, DIRECTOR WOLL**

**INVOCATION, DIRECTOR HALLIWILL**

**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**

HALLIWILL	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. ACCEPTANCE OF THE 2009 AUDIT\*\***

(Presentation by Charles z. Fedak & Paul Kaymark from Charles z. Fedak & company regarding the Beaumont Cherry Valley Water District 2009 audit)

HALLIWILL	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. FINANCIAL REPORTS**

**a. Bills for Consideration\*\***

Board Action  
April 2010

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

HALLIWILL	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 Pending Approval\*\*

Board Action

April 2010

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

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

**4. APPROVAL OF THE MINUTES**

a. Minutes of the Special Meeting of March 26, 2010\*\*

HALLIWILL	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. Minutes of the Regular Board Meeting of April 14, 2010 \*\*

HALLIWILL	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. Minutes of the Special Board Meeting of April 28, 2010\*\*

HALLIWILL	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. WILL-SERVE LETTER REQUEST FROM MIKE TAYLOR, PARDEE HOMES, TRACT 36307\*\***

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

**6. APPROVAL OF AMENDING ORDINANCE 2007-01, TO REDUCE COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS\*\***

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

**7. APPROVAL OF RESOLUTION 2010-08, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT CHERRY VALLEY WATER DISTRICT AUTHORIZING INTERIM GENERAL MANAGER TO SIGN AND FILE A WATER RECYCLING FACILITIES PLANNING GRANT APPLICATION ON BEHALF OF THE BCVWD\*\***

HALLIWILL	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. DISCUSSION AND POSSIBLE ACTION REGARDING REQUEST RECEIVED FROM NATALIE CUNNINGHAM TO DISCUSS WATER BILL FOR 39955 GRAND AVENUE\*\***

\*\* The Board will take into consideration the recommendation from the ad hoc committee assigned to this task

HALLIWILL	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. RECEIVE AND FILE THE 2010 WATER RATE STUDY AND APPROVE 218 NOTICE \*\***

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

**10. REPORTS FOR DISCUSSION AND POSSIBLE ACTION**

**(a) Ad hoc Committees**

**(b) General Manager**

- SWP Water Allotment
- Recycled Water Projects

**(c) Directors**

- Dr. Blair Ball
- John Halliwill
- Stella Parks
- Ken Ross
- Ryan Woll

**(d) Legal Counsel**

**11. ANNOUNCEMENTS**

**A) The District will be closed May 31, 2010 in observance of Memorial Day**

**B) Regular Board Meeting June 16, 2010 at 7 p.m.**

## ACTION LIST

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### 12. CLOSED SESSION- CONFERENCE WITH LEGAL COUNSEL

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)

### 13. OPEN SESSION REPORT ON THE CLOSED SESSION

### 14. ADJOURNMENT

HALLIWILL	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, 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

## Analysis of 2009 Financial Statements

From  
Charles Z. Fedak & Company, An Accountancy Corporation

### Balance Sheet

<b>Balance Sheet:</b>	<b>2009</b>	<b>2008</b>
Total Assets	\$ 109,844,784	109,436,937
Total Liabilities	3,020,606	1,846,580
Net Assets:		
Net investment in capital assets	103,938,452	102,938,880
Unrestricted:		
Non-spendable	802,601	1,133,157
Spendable	2,083,125	3,518,320
Total Net Assets	106,824,178	107,590,357
Total Liabilities and Net Assets	\$ 109,844,784	109,436,937

# Unrestricted Net Assets

## Unrestricted Net Assets:

The balance at December 31, consists of the following:

	2009	2008
Non-spendable or long-term net assets:		
Materials and supplies inventory	\$ 430,758	677,783
Prepaid expenses and other deposits	69,301	63,328
Note receivable – non-current portion	302,542	392,046
Total prepaid net assets	802,601	1,133,157
Spendable net assets reserve	2,083,125	3,518,320
Total unrestricted net assets	\$ 2,885,726	4,651,477

# Statement of Revenues & Expenses

## Statement of Revenues, Expenses and Changes in Net Assets

	2009	2008
Operating revenues	\$ 9,024,457	9,871,051
Operating expenses	(7,714,152)	(7,457,015)
Operating income before depreciation expense	1,310,305	2,414,036
Depreciation expense (capital recovery)	(2,223,219)	(1,763,321)
Operating income(loss)	(912,914)	650,715
Non-operating revenues(expenses):		
Non-operating revenues	102,846	118,332
Non-operating expenses	-	-
Total non-operating revenues, net	102,846	118,332
Net income(loss) before capital contributions	(810,068)	769,047
Capital contributions	478,614	1,547,784
Change in net assets	\$ (331,454)	2,316,831

# Variable Revenue Coverage

<i>Coverage</i>	<b>2009</b>	<b>2008</b>
<b>Variable coverage:</b>		
Variable operating revenues:		
Water consumption sales	\$ 4,651,105	4,478,760
Water importation surcharges	768,624	1,360,785
Water pumping power surcharges	1,263,040	1,062,011
Development and installation charges	282,049	814,546
Total variable operating revenues	<u>6,964,818</u>	<u>7,716,102</u>
Variable operating expenses:		
Source of supply	1,361,308	771,112
Pumping	2,250,629	2,175,293
Transmission and distribution	1,129,191	937,245
Engineering	303,135	332,896
Total variable operating expenses	<u>5,044,263</u>	<u>4,216,546</u>
<b>Variable coverage, net</b>	<b>\$ <u>1,920,555</u></b>	<b><u>3,499,556</u></b>

# Fixed Revenue Coverage

<i>Coverage</i>	<b>2009</b>	<b>2008</b>
<b>Fixed coverage:</b>		
Fixed operating revenues:		
Water service charges	\$ 1,796,816	1,883,007
Other charges for services	262,823	271,942
Total fixed operating revenues	<u>2,059,639</u>	<u>2,154,949</u>
Fixed operating expenses:		
Customer accounts	174,322	163,190
General and administrative	2,495,567	3,077,279
Total fixed operating expenses	<u>2,669,889</u>	<u>3,240,469</u>
<b>Fixed coverage, net</b>	<b>\$ <u>(610,250)</u></b>	<b><u>(1,085,520)</u></b>

# Operating Reserves Ratio

## Operating reserves ratio:

Reflects the short-term solvency risk, in assessing the District's financial capacity to meet future operating obligations from its unrestricted reserves.

Year	Description	Amount	Ratio
2009	<u>Spendable Unrestricted Net Assets</u>	\$ 2,083,125	0.27:1
	Operating Expenses before Depreciation	\$ 7,714,152	<b>CO=\$3,222,791</b>
2008	<u>Spendable Unrestricted Net Assets</u>	\$ 3,518,320	0.47:1
	Operating Expenses before Depreciation	\$ 7,457,015	<b>CO=\$3,911,731</b>
2007	<u>Spendable Unrestricted Net Assets</u>	\$ 5,453,784	0.77:1
	Operating Expenses before Depreciation	\$ 7,110,797	<b>CO=\$16,600,305</b>





# **Beaumont-Cherry Valley Water District**

## **Annual Financial Report**

### **December 31, 2009**





### **Board of Directors as of December 31, 2009**

<b>Name</b>	<b>Title</b>	<b>Division</b>	<b>Current Term</b>
Blair Ball	President	5	12/2006-12/2010
Stella Parks	Vice President	4	12/2006-12/2010
Ryan Woll	Secretary	1	12/2008-12/2012
Ken Ross	Treasurer	2	12/2008-12/2012
Niki Magee	Director	3	6/2009-12/2010

**Anthony Lara, Interim General Manager  
Beaumont-Cherry Valley Water District  
560 Magnolia Avenue  
Beaumont, California 92223-2258  
(951) 845-9581 – [www.bcvwd.org](http://www.bcvwd.org)**

**Beaumont-Cherry Valley Water District**  
**Annual Financial Report**  
**For the Year Ended December 31, 2009**

**Beaumont-Cherry Valley Water District  
Annual Financial Report  
For the Year Ended December 31, 2009**

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## **Financial Section**





# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Beaumont-Cherry Valley Water District (District) as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The comparative financial information as of December 31, 2008, was audited by other auditors whose report dated June 2, 2009, expressed an unqualified opinion on those basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Beaumont-Cherry Valley Water District as of December 31, 2009, and the respective changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 15, 2010, 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 read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

April 15, 2010  
Cypress, California

*Charles Z. Fedak, CPA*  
*An Accountancy Corporation*

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**Beaumont-Cherry Valley Water District**  
***Management's Discussion and Analysis***  
**For the Years Ended December 31, 2009**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Beaumont-Cherry Valley Water District (District) provides an introduction to the financial statements of the District for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The District's net assets decreased 0.71% or \$766,179 to \$106,824,178 in 2009.
- The District's total revenues decreased 8.63% or \$862,080 in fiscal year 2009 due primarily to a \$592,161 decrease in water importation surcharge revenue collected and a \$532,497 decrease in development and installation charges collected.
- The District's total expenses increased 7.78% or \$717,035 in 2009 due primarily to a \$257,137 increase in operating expenses and a \$459,898 increase in depreciation expense.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The District's records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water service to the customers of the District are financed primarily through user charges.

The Statement of Net Assets includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Beaumont-Cherry Valley Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2009**

**Financial Analysis of the District (Continued)**

These two statements report the District's *net assets* and the changes which occurred during the year. You can think of the District's net assets (the difference between assets and liabilities), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

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

**Statement of Net Assets**

<b>Condensed Statements of Net Assets</b>			
	<b>2009</b>	<b>2008</b>	<b>Change</b>
Assets:			
Current assets	\$ 5,603,790	6,106,011	(502,221)
Non-current assets	302,542	392,046	(89,504)
Capital assets, net	<u>103,938,452</u>	<u>102,938,880</u>	<u>999,572</u>
<b>Total assets</b>	<u><u>109,844,784</u></u>	<u><u>109,436,937</u></u>	<u><u>407,847</u></u>
Liabilities:			
Current liabilities	2,861,585	1,649,597	1,211,988
Non-current liabilities	<u>159,021</u>	<u>196,983</u>	<u>(37,962)</u>
<b>Total liabilities</b>	<u><u>3,020,606</u></u>	<u><u>1,846,580</u></u>	<u><u>1,174,026</u></u>
Net assets:			
Net investment in capital assets	103,938,452	102,938,880	999,572
Unrestricted	<u>2,885,726</u>	<u>4,651,477</u>	<u>(1,765,751)</u>
<b>Total net assets</b>	<u><u>106,824,178</u></u>	<u><u>107,590,357</u></u>	<u><u>(766,179)</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 109,844,784</u></u>	<u><u>109,436,937</u></u>	<u><u>407,847</u></u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$106,824,178 and \$107,590,357 as of December 31, 2009 and 2008, respectively. The District has no outstanding long-term debt as of December 31, 2009.

By far the largest portion of the District's net assets (97% and 96% as of December 31, 2009 and 2008, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2009 and 2008, the District showed a positive balance in its unrestricted net assets of \$2,885,726 and \$4,651,477, respectively. See Note 9 to the basic financial statements for further information.

**Beaumont-Cherry Valley Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2009**

**Statement of Revenues, Expenses and Changes in Net Assets**

**Condensed Statements of Revenues, Expenses and Changes in Net Assets**

	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>Change</b></u>
Revenues:			
Operating revenues	\$ 9,024,457	9,871,051	(846,594)
Non-operating revenues	<u>102,846</u>	<u>118,332</u>	<u>(15,486)</u>
<b>Total revenues</b>	<u>9,127,303</u>	<u>9,989,383</u>	<u>(862,080)</u>
Expenses:			
Operating expenses	7,714,152	7,457,015	257,137
Depreciation and amortization	2,223,219	1,763,321	459,898
Non-operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenses</b>	<u>9,937,371</u>	<u>9,220,336</u>	<u>717,035</u>
<b>Net income(loss) before capital contributions</b>	<u>(810,068)</u>	<u>769,047</u>	<u>(1,579,115)</u>
Capital contributions	<u>478,614</u>	<u>1,547,784</u>	<u>(1,069,170)</u>
<b>Change in net assets</b>	<u>(331,454)</u>	<u>2,316,831</u>	<u>(2,648,285)</u>
<b>Net assets, beginning of year</b>	107,590,357	105,273,526	2,316,831
<b>Prior period adjustment</b>	<u>(434,725)</u>	<u>-</u>	<u>(434,725)</u>
<b>Net assets, end of year</b>	<u><u>\$ 106,824,178</u></u>	<u><u>107,590,357</u></u>	<u><u>(331,454)</u></u>

The statement of revenues, expenses and changes of net assets shows how the District's net assets changed during the fiscal years. In the case of the District, net assets decreased by \$766,179 which includes a prior period adjustment that decreased net assets in the amount of \$434,725 (See Note 2) and increased \$2,316,831 for the fiscal years ended December 31, 2009 and 2008, respectively.

A closer examination of the sources of changes in net assets reveals that:

The District's total revenues decreased 8.63% or \$862,080 in fiscal year 2009 due primarily to a \$592,161 decrease in water importation surcharge revenue collected and a \$532,497 decrease in development and installation charges collected.

The District's total expenses increased 7.78% or \$717,035 in 2009 due primarily to a \$257,137 increase in operating expenses and a \$459,898 increase in depreciation expense.

**Beaumont-Cherry Valley Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2009**

**Capital Asset Administration**

At the end of fiscal year 2009 and 2008, the District's investment in capital assets amounted to \$103,938,452 and \$102,938,880, respectively, (net of accumulated depreciation). This investment in capital assets includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, and vehicles, etc. Major capital assets additions during the year included upgrades to the District's pumping plant and the transmission and distribution system. See Note 7 for further information.

Changes in capital asset amounts for the year were as follows:

	<u>Balance 2008</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2009</u>
Capital assets:				
Non-depreciable assets	\$ 9,155,913	3,668,891	(3,199,988)	9,624,816
Depreciable assets	102,320,922	2,753,888	-	105,074,810
Accumulated depreciation and amortization	<u>(8,537,955)</u>	<u>(2,223,219)</u>	<u>-</u>	<u>(10,761,174)</u>
Total capital assets, net	<u>\$ 102,938,880</u>	<u>4,199,560</u>	<u>(3,199,988)</u>	<u>103,938,452</u>
	<u>Balance 2007</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2008</u>
Capital assets:				
Non-depreciable assets	\$ 26,318,228	8,731,609	(25,893,924)	9,155,913
Depreciable assets	81,255,417	21,065,505	-	102,320,922
Accumulated depreciation and amortization	<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>28,033,793</u>	<u>(25,893,924)</u>	<u>102,938,880</u>

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions that would have a significant impact on the District's financial position, net assets, or operating results in terms of past, present and future.

**Subsequent Event**

On March 26, 2010, the Board of Directors approved a \$5.0 million loan payable at a 3.380% interest rate to Bank of America to finance the District's share of certain design and construction costs related to the expansion of the Recycled Water Facilities project. The loan is to be repaid by April 1, 2015 with principal and interest payments due on October 1<sup>st</sup> and April 1<sup>st</sup> of each year. See Note 15 for further information.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Interim General Manager of Beaumont-Cherry Valley Water District, 560 Magnolia Avenue, Beaumont, CA 92223-2258.

## **Basic Financial Statements**

**Beaumont-Cherry Valley Water District**  
**Statements of Net Assets**  
**December 31, 2009**  
**With comparative information as of December 31, 2008**

<i>Assets</i>	<b>2009</b>	<b>2008</b>
Current assets:		
Cash and cash equivalents (note 3)	\$ 3,944,495	3,386,405
Accrued interest receivable	3,532	19,464
Accounts receivable – water sales and services, net (note 4)	1,067,785	1,729,282
Accounts receivable – other, net (note 5)	84,116	220,033
Notes receivable – current portion, net (note 6)	3,803	9,716
Materials and supplies inventory	430,758	677,783
Prepaid expenses and deposits	69,301	63,328
Total current assets	<u>5,603,790</u>	<u>6,106,011</u>
Non-current assets:		
Notes receivable – long-term, net (note 6)	302,542	392,046
Capital assets, not being depreciated (note 7)	9,624,816	9,155,913
Capital assets, being depreciated, net (note 7)	94,313,636	93,782,967
Total non-current assets	<u>104,240,994</u>	<u>103,330,926</u>
<b>Total assets</b>	<u><u>\$ 109,844,784</u></u>	<u><u>109,436,937</u></u>
 <i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,146,532	654,038
Accrued salaries and benefits	46,770	17,387
Customer and other deposits	211,384	95,134
Deferred revenue	403,892	817,377
Long-term liabilities - due within one year:		
Compensated absences (note 8)	53,007	65,661
Total current liabilities	<u>2,861,585</u>	<u>1,649,597</u>
Non-current liabilities:		
Long-term liabilities - due in more than one year:		
Compensated absences (note 8)	159,021	196,983
Total non-current liabilities	<u>159,021</u>	<u>196,983</u>
<b>Total liabilities</b>	<u>3,020,606</u>	<u>1,846,580</u>
Net assets: (note 9)		
Net investment in capital assets	103,938,452	102,938,880
Unrestricted	2,885,726	4,651,477
<b>Total net assets</b>	<u>106,824,178</u>	<u>107,590,357</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 109,844,784</u></u>	<u><u>109,436,937</u></u>

See accompanying notes to the basic financial statements

**Beaumont-Cherry Valley Water District**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended December 31, 2009**  
**With comparative information as of December 31, 2008**

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Water consumption sales	\$ 4,651,105	4,478,760
Water service charges	1,796,816	1,883,007
Water importation surcharges	768,624	1,360,785
Water pumping power surcharges	1,263,040	1,062,011
Development and installation charges	282,049	814,546
Other charges for services	262,823	271,942
Total operating revenues	<u>9,024,457</u>	<u>9,871,051</u>
Operating expenses:		
Source of supply	1,361,308	771,112
Pumping	2,250,629	2,175,293
Transmission and distribution	1,129,191	937,245
Engineering	303,135	332,896
Customer accounts	174,322	163,190
General and administrative	2,495,567	3,077,279
Total operating expenses	<u>7,714,152</u>	<u>7,457,015</u>
Operating income before depreciation	1,310,305	2,414,036
Depreciation	(2,223,219)	(1,763,321)
<b>Operating income(loss)</b>	<u>(912,914)</u>	<u>650,715</u>
Non-operating revenue(expense):		
Interest earnings	54,576	82,261
Rental income	10,027	1,200
Other non-operating revenues	38,243	34,871
Total non-operating revenues, net	<u>102,846</u>	<u>118,332</u>
<b>Net income(loss) before capital contributions</b>	<u>(810,068)</u>	<u>769,047</u>
Capital contributions:		
Facilities charges	446,974	1,382,234
Front footage fees	31,640	165,550
Total capital contributions	<u>478,614</u>	<u>1,547,784</u>
<b>Change in net assets</b>	<u>(331,454)</u>	<u>2,316,831</u>
Net assets, beginning of year	107,590,357	105,273,526
Prior period adjustment (note 2)	(434,725)	-
Net assets, end of year	<u>\$ 106,824,178</u>	<u>107,590,357</u>

See accompanying notes to the basic financial statements

**Beaumont-Cherry Valley Water District**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 10,033,538	10,830,770
Cash paid to employees for salaries and wages	(1,792,710)	(2,426,185)
Cash paid to vendors and suppliers for materials and services	(5,057,339)	(7,059,763)
Net cash provided by operating activities	<u>3,183,489</u>	<u>1,344,822</u>
Cash flows from non-capital financing activities:		
Proceeds from rental income	10,027	1,200
Proceeds from other non-operating revenues, net	38,243	34,871
Net cash provided by non-capital financing activities	<u>48,270</u>	<u>36,071</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,222,791)	(3,911,731)
Capital contributions	478,614	1,547,784
Net cash used in capital and related financing activities	<u>(2,744,177)</u>	<u>(2,363,947)</u>
Cash flows from investing activities:		
Interest earnings	70,508	118,795
Net cash provided by investing activities	<u>70,508</u>	<u>118,795</u>
<b>Net increase(decrease) in cash and cash equivalents</b>	558,090	(864,259)
Cash and cash equivalents, beginning of year	<u>3,386,405</u>	<u>4,250,664</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,944,495</u></u>	<u><u>3,386,405</u></u>
Reconciliation of cash and cash equivalents to statements of financial position:		
Cash and cash equivalents	\$ <u>3,944,495</u>	<u>3,386,405</u>
Total cash and cash equivalents	<u><u>\$ 3,944,495</u></u>	<u><u>3,386,405</u></u>

Continued on next page

See accompanying notes to the basic financial statements



**Beaumont-Cherry Valley Water District**  
**Statements of Cash Flows (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

Reconciliation of operating income(loss) to net cash provided		
by operating activities:		
Operating income(loss)	\$ <u>(912,914)</u>	<u>650,715</u>
Adjustments to reconcile operating income(loss) to net cash provided		
by operating activities:		
Deprecation and amortization	2,223,219	1,763,321
Prior period adjustment	(434,725)	-
Changes in assets and liabilities:		
(Increase) Decrease in assets:		
Accounts receivable – water sales and services, net	661,497	(41,618)
Accounts receivable – other, net	135,917	952,198
Notes receivable	95,417	73,056
Materials and supplies inventory	247,025	81,885
Prepaid expenses and deposits	(5,973)	2,644
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	1,492,494	(1,338,374)
Accrued salaries and benefits	29,383	(125,775)
Customer and other deposits	116,250	(23,917)
Deferred revenue	(413,485)	(794,173)
Compensated absences	<u>(50,616)</u>	<u>144,860</u>
Total adjustments	<u>4,096,403</u>	<u>694,107</u>
Net cash provided by operating activities	\$ <u><u>3,183,489</u></u>	<u><u>1,344,822</u></u>

See accompanying notes to the basic financial statements

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Beaumont Irrigation District was formed in March of 1919 under the Wright Act of 1897. Over the years, both the name and the mission of the District have changed. Today, the Beaumont Cherry Valley Water District (District) continues to develop programs and policies that ensure a supply of water for the area's growing population. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

**B. Basis of Accounting and Measurement Focus**

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 a private business enterprise, where the intent of the District is that the costs of providing water services to its customers on a continuing basis be financed or recovered primarily through user charges (water service fees). Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

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

The District recognizes revenue from water service charges based on cycle billings performed every month. The District accrues revenues with respect to water service charges sold but not billed at the end of a fiscal period.

**C. Financial Reporting**

The District's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(1) Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**C. Financial Reporting (Continued)**

Under GASB No. 34, enterprise funds, such as the District, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The District has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

**D. Assets, Liabilities and Net Assets**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period.

**2. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**3. Investments and Investment Policy**

The District has adopted an investment policy to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Accounts Receivable and Allowance for Uncollectible Accounts**

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

**5. Prepaid Expenses**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**6. Materials and Supplies Inventory**

Inventory consists primarily of materials used in construction and maintenance of the water system and is stated at cost using the average-cost method.

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(1) Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Net Assets (Continued)**

**7. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are recorded at estimated fair market value at the date of contribution. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Transmission and distribution system	40 to 75 years
Structures and improvements	40 years
Reservoirs and tanks	50 to 75 years
Pumping and telemetering equipment	10 to 50 years
Vehicles and equipment	5 to 10 years

**8. Compensated Absences**

The District's policy is to permit employees to accumulate earned vacation and sick leave according to the number of years of service with the District. The liability for vested vacation and sick leave is recorded as an expense when earned.

Vacation leave is earned from the date of hire and is available for use the following year from ten to a maximum of twenty days per year. Sick leave is accumulated at one day per month. An employee not using any sick leave for twelve consecutive months can convert their twelve accrued days to cash at the rate of two accrued days for each hour's pay at their regular hourly pay-rate. Upon retirement or death, employees or their beneficiaries are entitled to receive a pay-out of 50% of all accumulated sick leave.

**9. Water Sales**

The District recognizes water services charges based on cycle billings rendered to the customers on a bi-monthly basis.

**10. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners or real estate developers desiring services that require capital expenditures or capacity commitment.

**11. Budgetary Policies**

The District adopts a one year non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**12. Reclassifications**

The District has reclassified certain prior year information to conform to current year presentations.

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(1) Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Net Assets (Continued)**

**13. Net Assets**

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

**(2) Prior Period Adjustment**

During the fiscal year ended December 31, 2009, net assets of the District were restated to adjust balances as of December 31, 2008 as follows:

Calculation of prior period adjustment as of December 31, were as follows:

	<u><b>2009</b></u>
Prior period adjustment:	
Calculation of an allowance for doubtful accounts	\$ (643,140)
Temporary easement expensed	(208,000)
Recalculation of prior year compensated absences	(55,961)
Estimated accrued expenses reversed	<u>472,376</u>
Total prior period adjustment	<u><u>\$ (434,725)</u></u>

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(3) Cash and Investments**

Cash and cash equivalents as of December 31, are classified in the accompanying financial statements as follows:

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 3,944,495	3,386,405
Total	<u>\$ 3,944,495</u>	<u>3,386,405</u>

Cash and cash equivalents as of December 31, consist of the following:

	<u>2009</u>	<u>2008</u>
Petty cash	\$ 1,400	1,400
Deposits with financial institutions	3,943,095	380,698
Local Agency Investment Fund (LAIF)	<u>-</u>	<u>3,004,307</u>
Total cash and cash equivalents	<u>\$ 3,944,495</u>	<u>3,386,405</u>

As of December 31, the District's authorized deposits had the following maturities:

	<u>2009</u>	<u>2008</u>
Deposits held with California Local Agency Investment Fund (LAIF)	222 Days	223 Days

***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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District had deposits with bank balances of \$4,100,437 as of December 31, 2009. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(3) Cash and Investments, continued**

***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.

***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 purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

***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, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

***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.

**(4) Accounts Receivable – Water Sales and Services, Net**

Accounts receivable – water sales and services consists of the following as of December 31:

	<u>2009</u>	<u>2008</u>
The balance at December 31, consists of the following:		
Accounts receivable – water sales and services	\$ 1,427,785	1,729,282
Allowance for uncollectible accounts	(360,000)	-
Accounts receivable – water sales, net	<u>\$ 1,067,785</u>	<u>1,729,282</u>

**(5) Accounts Receivable – Other, Net**

Accounts receivable – other consists of the following as of December 31:

	<u>2009</u>	<u>2008</u>
The balance at December 31, consists of the following:		
Accounts receivable – other	\$ 297,256	220,033
Allowance for uncollectible accounts	(213,140)	-
Accounts receivable – other, net	<u>\$ 84,116</u>	<u>220,033</u>

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(6) Notes Receivable**

Notes receivable – current and long-term portion consists of the following as of December 31:

	<u>2009</u>	<u>2008</u>
The balance at December 31, consists of the following:		
Notes receivable – current portion	\$ 7,803	9,716
Allowance for uncollectible accounts	<u>(4,000)</u>	<u>-</u>
Notes receivable – current portion, net	<u>\$ 3,803</u>	<u>9,716</u>
	<u>2009</u>	<u>2008</u>
The balance at December 31, consists of the following:		
Notes receivable – long-term	\$ 368,542	392,046
Allowance for uncollectible accounts	<u>(66,000)</u>	<u>-</u>
Notes receivable – long-term, net	<u>\$ 302,542</u>	<u>392,046</u>

In 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 total cost of \$500,000. Former Bonita Vista customers are to pay a maximum of \$5,500 per meter. The notes are payable over 20 years at a variable interest rate calculated annually at 1.5% above the District's LAIF savings rate.

**(7) Capital Assets**

Changes in capital assets for 2009 were as follows:

	<u>Balance 2008</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
Non-depreciable assets:				
Land	\$ 5,988,730	-	-	5,988,730
Construction-in-process	<u>3,167,183</u>	<u>3,668,891</u>	<u>(3,199,988)</u>	<u>3,636,086</u>
Total non-depreciable assets	<u>9,155,913</u>	<u>3,668,891</u>	<u>(3,199,988)</u>	<u>9,624,816</u>
Depreciable assets:				
Transmission and distribution system	54,714,311	307,371	-	55,021,682
Structures and improvements	18,126,296	-	-	18,126,296
Reservoirs and tanks	17,604,872	-	-	17,604,872
Pumping and telemetering equipment	10,228,978	2,364,601	-	12,593,579
Vehicles and equipment	<u>1,646,465</u>	<u>81,916</u>	<u>-</u>	<u>1,728,381</u>
Total depreciable assets	102,320,922	2,753,888	-	105,074,810
Accumulated depreciation and amortization	<u>(8,537,955)</u>	<u>(2,223,219)</u>	<u>-</u>	<u>(10,761,174)</u>
Total depreciable assets, net	<u>93,782,967</u>	<u>530,669</u>	<u>-</u>	<u>94,313,636</u>
Total capital assets, net	<u>\$ 102,938,880</u>			<u>103,938,452</u>



**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(7) Capital Assets, continued**

Changes in capital assets for 2008 were as follows:

	<b>Balance 2007</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance 2008</b>
Non-depreciable assets:				
Land	\$ 1,160,319	4,828,411	-	5,988,730
Construction-in-process	25,157,909	3,903,198	(25,893,924)	3,167,183
Total non-depreciable assets	26,318,228	8,731,609	(25,893,924)	9,155,913
Depreciable assets:				
Transmission and distribution systems	54,177,359	536,952	-	54,714,311
Structures and improvements	449,379	17,676,917	-	18,126,296
Reservoirs and tanks	16,982,895	621,977	-	17,604,872
Pumping and telemetering equipment	8,373,875	1,855,103	-	10,228,978
Vehicles and equipment	1,271,909	374,556	-	1,646,465
Total depreciable assets	81,255,417	21,065,505	-	102,320,922
Accumulated depreciation and amortization	(6,774,634)	(1,763,321)	-	(8,537,955)
Total depreciable assets, net	74,480,783	19,302,184	-	93,782,967
Total capital assets, net	\$ 100,799,011			102,938,880

**(8) Compensated Absences**

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

Changes to compensated absences balances at December 31, were as follows:

	<b>Balance 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 2009</b>	<b>Current</b>	<b>Long-term</b>
\$	318,605	155,274	(261,851)	212,028	53,007	159,021

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(9) Net Assets**

Calculation of net assets as of December 31, were as follows:

	<u>2009</u>	<u>2008</u>
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 9,624,816	9,155,913
Capital assets, being depreciated, net	<u>94,313,636</u>	<u>93,782,967</u>
Total net investment in capital assets	<u>103,938,452</u>	<u>102,938,880</u>
Unrestricted net assets:		
Non-spendable net assets:		
Materials and supplies inventory	430,758	677,783
Prepaid expenses and deposits	69,301	63,328
Notes receivable – long-term, net	<u>302,542</u>	<u>392,046</u>
Total non-spendable net assets	<u>802,601</u>	<u>1,133,157</u>
Spendable net assets are designated as follows:		
Designated for State Water Importation purchases	891,085	1,329,314
Designated for operating reserve	<u>1,192,040</u>	<u>2,189,006</u>
Total spendable net assets	<u>2,083,125</u>	<u>3,518,320</u>
Total unrestricted net assets	<u>2,885,726</u>	<u>4,651,477</u>
Total net assets	<u>\$ 106,824,178</u>	<u>107,590,357</u>

**(10) Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by the Lincoln Financial Group at December 31, 2009 was \$167,020.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(11) Defined Benefit Pension Plan**

***Plan Description***

The Agency contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multi-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the Agency. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA, 95814.

***Funding Policy***

The contribution rate for plan members in the CalPERS 2.7% at 55 Risk Pool Retirement Plan is 8% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates for fiscal years 2009, 2008 and 2007 were as follows:

<u>Time Period</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Jan. 1 - June 30	25.964%	24.883%	24.422%
July 1 - Dec. 31	25.520%	25.964%	24.883%

The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For Fiscal years 2009, 2008 and 2007, the Agency's annual contributions for the CalPERS plan were equal to the Agencies required and actual contributions for each fiscal year as follows:

***Three Year Trend Information:***

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2007	\$ 417,817	100%	-
12/31/2008	489,622	100%	-
12/31/2009	420,235	100%	-

**(12) Other Post Employment Benefits**

The District finances the plan on a pay-as-you-go basis. The District's contribution for each retired employee shall be the amount necessary to pay the full cost of his or her enrollment, including the enrollment of his or her family members in a health benefit(s) plan up to a maximum of \$474 per month. In 2009, the District paid \$4,313 in post-employment health care benefits, net of retiree contributions.

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(13) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At December 31, 2009, the District participated in the liability, property, and workers' compensation programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit at \$1,000,000 per occurrence. The District purchased additional excess coverage layers: \$60 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$100 million per occurrence, subject to a \$2,500 deductible per occurrence. Mobile equipment and vehicles have a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ending December 31, 2009. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2009, 2008 and 2007, respectively.

**(14) Commitments and Contingencies**

***Joint Venture Agreement***

In 2002, the City of Beaumont, the South Mesa Mutual Water Company, the Yucaipa Valley Water District and the District (collectively referred to as the 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.

***Related Party Transaction***

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 employees is the owner of the Contractor. At December 31, 2009, the District paid the Contractor \$47,800 for services rendered.

**Beaumont-Cherry Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended December 31, 2009**  
**With comparative information for the year ended December 31, 2008**

**(14) Commitments and Contingencies, continued**

***Litigation***

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(15) Subsequent Event**

On March 26, 2010, the Board of Directors approved a \$5.0 million loan payable at a 3.380% interest rate to Bank of America to finance the District's share of certain design and construction costs related to the expansion of the Recycled Water Facilities project. The loan is to be repaid by April 1, 2015 with principal and interest payments due on October 1<sup>st</sup> and April 1<sup>st</sup> of each year. Debt service repayment terms are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 470,000	84,969	554,969
2011	945,000	145,256	1,090,256
2012	985,000	112,976	1,097,976
2013	1,015,000	79,430	1,094,430
2014	1,050,000	44,870	1,094,870
2015	535,000	9,041	544,041
Total	\$ 5,000,000	476,542	5,476,542
Less: current	(470,000)		
Total non-current	\$ 4,530,000		

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# **Report on Internal Controls and Compliance**







# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
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EMAIL czfco@czfcpa.com

**Independent Auditor's Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited the basic financial statements of the Beaumont-Cherry Valley Water District (District) as of and for the year ended December 31, 2009, and have issued our report thereon dated April 15, 2010. We conducted our audits 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.

***Internal Control Over Financial Reporting***

In planning and performing our audits, 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 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. 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. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***Compliance and Other Matters***

As 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 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

April 15, 2010  
Cypress, California

*Charles Z. Fedak, CPA*  
*An Accountancy Corporation*

## Check Register-Summary-Bank



AP5090

Page : 1

Date : May 06, 2010

Time : 5:12 pm

Vendor : A&amp;A FENCE To ZETLMAIER

Cheque Dt. : 01-Apr-2010 To 30-Apr-2010

Bank : 7 - ACCOUNTS PAYABLE

Seq : Cheque No.

Status : All

Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
40631	01-Apr-2010	A&A FENCE	A & A FENCE CO. INC	Issued	171	C	120.06
40632	01-Apr-2010	AIRPROSERV	AIR PRO SERVICES	Issued	171	C	69.00
40633	01-Apr-2010	APPLEVALLE	APPLE VALLEY CONSTRUCTION	Issued	171	C	165,639.88
40634	01-Apr-2010	AUTOVALUE	STAR AUTO PARTS	Issued	171	C	107.31
40635	01-Apr-2010	AVAYA	AVAYA INC	Issued	171	C	120.38
40636	01-Apr-2010	B ACE HOME	BEAUMONT DO IT BEST HOME CENTER	Issued	171	C	45.00
40637	01-Apr-2010	BTIRE	BEAUMONT TIRE	Issued	171	C	20.00
40638	01-Apr-2010	CLEANBYDES	CLEAN BY DESIGN INC.	Issued	171	C	1,110.00
40639	01-Apr-2010	CONTROLVAL	CONTROL VALVE SYSTEMS INC	Issued	171	C	725.13
40640	01-Apr-2010	DEPTOFFISH	DEPARTMENT OF FISH AND GAME	Issued	171	C	1,680.50
40641	01-Apr-2010	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	171	C	13,791.47
40642	01-Apr-2010	ESBABCOCK	ES BABCOCK	Issued	171	C	910.00
40643	01-Apr-2010	FREEMANOFF	FREEMAN OFFICE PRODUCTS	Issued	171	C	436.59
40644	01-Apr-2010	HALLIWILLJ	HALLIWILL, JOHN	Issued	171	C	800.00
40645	01-Apr-2010	HIGHLANDSP	HIGHLAND SPRINGS EXPRESS LUBE	Issued	171	C	159.74
40646	01-Apr-2010	HUDECS	HUDECS COMPUTER CONSULTING	Issued	171	C	2,829.58
40647	01-Apr-2010	MCCEQUIPME	MCC EQUIPMENT RENTALS INC.	Issued	171	C	49,169.54
40648	01-Apr-2010	MCCROMETEI	MCCROMETER	Issued	171	C	357.41
40649	01-Apr-2010	MSTBACKFLO	MST BACKFLOW	Issued	171	C	40.00
40650	01-Apr-2010	NAPAAUTOPA	NAPA AUTO PARTS	Issued	171	C	53.28
40651	01-Apr-2010	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	171	C	80.00
40652	01-Apr-2010	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	171	C	183.58
40655	01-Apr-2010	STMP000959	TDE CONSTRUCTION	Issued	171	C	594.74
40656	01-Apr-2010	STMP000960	MCC EQUIPMENT RENTALS INC	Issued	171	C	750.00
40657	01-Apr-2010	STMP000961	JF SHEA	Issued	171	C	689.02
40658	01-Apr-2010	STMP000962	APPLE VALLEY CONSTRUCTION	Issued	171	C	1,215.99
40659	01-Apr-2010	STMP000963	RAMIREZ, VANESSA	Issued	171	C	37.16
40661	08-Apr-2010	ALSCO	ALSCO	Issued	177	C	58.00
40662	08-Apr-2010	AMERICANOF	AMERICAN OFFICE SOLUTION	Issued	177	C	99.18
40663	08-Apr-2010	APPLEVALLE	APPLE VALLEY CONSTRUCTION	Issued	177	C	92,842.93
40664	08-Apr-2010	ARCO	ARCO GASPRO PLUS	Issued	177	C	6,001.48
40665	08-Apr-2010	AUTOVALUE	STAR AUTO PARTS	Issued	177	C	88.26
40666	08-Apr-2010	B ACE HOME	BEAUMONT DO IT BEST HOME CENTER	Issued	177	C	96.87
40667	08-Apr-2010	BRITHINEE	BRITHINEE ELECTRIC	Issued	177	C	719.04
40668	08-Apr-2010	BRYANWILFL	WILFLEY, BRYAN	Issued	177	C	1,594.18
40669	08-Apr-2010	BTIRE	BEAUMONT TIRE	Issued	177	C	158.45
40670	08-Apr-2010	CRWA0001	CALIFORNIA RURAL WATER ASSOCIATION	Issued	177	C	175.00
40671	08-Apr-2010	CVNURSERY	CHERRY VALLEY NURSERY	Issued	177	C	36.70
40672	08-Apr-2010	DAUGHTERYS	DAUGHTERY'S PEST CONTROL	Issued	177	C	400.00
40673	08-Apr-2010	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	177	C	44,897.12
40674	08-Apr-2010	ESBABCOCK	ES BABCOCK	Issued	177	C	10,120.00
40675	08-Apr-2010	HIGHLANDSP	HIGHLAND SPRINGS EXPRESS LUBE	Issued	177	C	36.93
40676	08-Apr-2010	HUDECS	HUDECS COMPUTER CONSULTING	Issued	177	C	1,785.86
40677	08-Apr-2010	INLANDWATE	INLAND WATER WORKS	Issued	177	C	2,676.96
40678	08-Apr-2010	KVSPAIN TAN	KV'S PAINT AND DECORATING	Issued	177	C	53.23
40679	08-Apr-2010	MACROCOMM	MACRO COMMUNICATIONS	Issued	177	C	150.00
40680	08-Apr-2010	NAPAAUTOPA	NAPA AUTO PARTS	Issued	177	C	64.77
40681	08-Apr-2010	ONLINE INF	ONLINE INFORMATION SERVICES	Issued	177	C	216.30
40682	08-Apr-2010	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	177	C	233.62
40685	08-Apr-2010	STMP000964	EMON, COREY MICHAEL	Issued	177	C	31.60
40686	08-Apr-2010	STMP000965	PISCIOTTA, EVA MAE	Issued	177	C	98.30
40687	08-Apr-2010	T&M MUFFLE	T&M MUFFLER	Issued	177	C	126.91
40688	08-Apr-2010	VERIZON	VERIZON	Issued	177	C	134.23
40689	08-Apr-2010	VERIZONBUS	VERIZON COMMUNICATION	Issued	177	C	119.99
40690	08-Apr-2010	VERIZONPI	VERIZON BUSINESS	Issued	177	C	430.00
40691	08-Apr-2010	JASONCRAG	JASON CRAGHEAD, JASON	Issued	178	C	130.00

## Check Register-Summary-Bank



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Page : 2

Date : May 06, 2010

Time : 5:12 pm

Vendor : A&amp;A FENCE To ZETLMAIER

Cheque Dt. : 01-Apr-2010 To 30-Apr-2010

Bank : 7 - ACCOUNTS PAYABLE

Seq : Cheque No.

Status : All

Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
40692	08-Apr-2010	WILLIAMSCH	WILLIAMS, CHRIS	Issued	178	C	130.00
40693	15-Apr-2010	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	182	C	263.24
40694	15-Apr-2010	AIRPROSERV	AIR PRO SERVICES	Issued	182	C	196.00
40695	15-Apr-2010	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	182	C	132.00
40696	15-Apr-2010	ARTUROFLOR	FLORES, ARTURO	Issued	182	C	114.44
40697	15-Apr-2010	B ACE HOME	BEAUMONT DO IT BEST HOME CENTER	Issued	182	C	254.48
40698	15-Apr-2010	BANKOFSACR	BANK OF SACRAMENTO	Issued	182	C	15,340.00
40699	15-Apr-2010	CALTOOL	CALIFORNIA TOOL & WELDING	Issued	182	C	46.80
40700	15-Apr-2010	CDPH-OCF	CA DEPT OF PUBLIC HEALTH	Issued	182	C	1,698.80
40701	15-Apr-2010	CITYOFCALI	CITY OF CALIMESA	Issued	182	C	336.00
40702	15-Apr-2010	ESBABCOCK	ES BABCOCK	Issued	182	C	6,495.00
40703	15-Apr-2010	FLORR001	FLORES, RICARDO	Issued	182	C	40.78
40704	15-Apr-2010	GASCO	THE GAS COMPANY	Issued	182	C	14.30
40705	15-Apr-2010	HEMETVALLE	HEMET VALLEY TOOL & SUPPLY	Issued	182	C	1,231.40
40706	15-Apr-2010	HOMEDEPOT	HOME DEPOT CREDIT SERVICES	Issued	182	C	506.73
40707	15-Apr-2010	HUDECS	HUDECS COMPUTER CONSULTING	Issued	182	C	1,091.38
40708	15-Apr-2010	JOEHAGGIN	HAGGIN, JOE	Issued	182	C	97.87
40709	15-Apr-2010	KVSPAIN TAN	KV'S PAINT AND DECORATING	Issued	182	C	53.12
40710	15-Apr-2010	LENNAR HOM	LENNAR HOMES	Issued	182	C	71,133.03
40711	15-Apr-2010	MIKEMORENC	MORENO, MIKE	Issued	182	C	35.00
40712	15-Apr-2010	PASOROBLES	PASO ROBLES TANK INC.	Issued	182	C	138,060.00
40713	15-Apr-2010	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	182	C	432.00
40714	15-Apr-2010	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	182	C	412.24
40715	15-Apr-2010	TERMINIX	TERMINIX	Issued	182	C	237.00
40716	15-Apr-2010	TOMLARA	TOM LARA	Issued	182	C	3,950.00
40717	15-Apr-2010	USABBLUEBOC	USA BLUE BOOK	Issued	182	C	675.53
40718	15-Apr-2010	VERIZON	VERIZON	Issued	182	C	74.14
40719	15-Apr-2010	WELLSFARGC	WELLS FARGO REMITTANCE CENTER	Issued	182	C	669.65
40720	15-Apr-2010	CHARLESFED	CHARLES Z. FEDAK & CO.	Issued	184	C	7,490.00
40721	15-Apr-2010	FIELDMANRO	FIELDMAN ROLAPP & ASSOCIATES	Issued	184	C	26,561.28
40722	15-Apr-2010	GEOSCIENCE	GEOSCIENCE	Issued	184	C	3,917.00
40723	15-Apr-2010	PARSONS	PARSONS WATER & INFRASTRUCTURE INC.	Issued	184	C	103,918.98
40724	15-Apr-2010	REDWINE	REDWINE AND SHERRILL	Issued	184	C	15,123.85
40725	15-Apr-2010	STELLAPARK	PARKS, STELLA	Issued	184	C	400.00
40726	15-Apr-2010	WOLLR000	WOLL, RYAN	Issued	184	C	400.00
40727	22-Apr-2010	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	189	C	164.59
40728	22-Apr-2010	ALSCO	ALSCO	Issued	189	C	58.00
40729	22-Apr-2010	ARAMARK	ARAMARK REFRESHMENT SERVICES	Issued	189	C	137.55
40730	22-Apr-2010	B ACE HOME	BEAUMONT DO IT BEST HOME CENTER	Issued	189	C	41.27
40731	22-Apr-2010	B76	BEAUMONT 76	Issued	189	C	587.01
40732	22-Apr-2010	BANKOFSACR	BANK OF SACRAMENTO	Issued	189	C	9,875.00
40733	22-Apr-2010	BASICCHEMI	BASIC CHEMICAL SOLUTIONS LLC	Issued	189	C	3,814.38
40734	22-Apr-2010	BLAWNMOWE	BEAUMONT LAWNMOWER	Issued	189	C	28.26
40735	22-Apr-2010	BTIRE	BEAUMONT TIRE	Issued	189	C	20.00
40736	22-Apr-2010	CONTROLVAL	CONTROL VALVE SYSTEMS INC	Issued	189	C	827.70
40737	22-Apr-2010	CR&RINCORP	CR&R INC	Issued	189	C	225.15
40738	22-Apr-2010	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	189	C	1,240.94
40739	22-Apr-2010	ESBABCOCK	ES BABCOCK	Issued	189	C	485.00
40740	22-Apr-2010	IDEARCMEDI	SUPERMEDIA LLC	Issued	189	C	51.50
40741	22-Apr-2010	LIQUIVISIO	LIQUIVISION TECHNOLOGY	Issued	189	C	3,760.00
40742	22-Apr-2010	MIKEMCGEOR	MIKE MCGEORGE GOPHER CONTROL	Issued	189	C	250.00
40743	22-Apr-2010	PACIFICALA	PACIFIC ALARM	Issued	189	C	202.00
40744	22-Apr-2010	PASOROBLES	PASO ROBLES TANK INC.	Issued	189	C	88,875.00
40745	22-Apr-2010	PATSPOTS	PAT'S POTS	Issued	189	C	310.00
40746	22-Apr-2010	PITNEYGLOB	PITNEY BOWES GLOBAL FINANCIAL SERV	Issued	189	C	4,707.79
40747	22-Apr-2010	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	189	C	336.00

## Check Register-Summary-Bank



AP5090

Page : 3

Date : May 06, 2010

Time : 5:12 pm

Vendor : A&amp;A FENCE To ZETLMAIER

Cheque Dt. : 01-Apr-2010 To 30-Apr-2010

Bank : 7 - ACCOUNTS PAYABLE

Seq : Cheque No. Status : All

Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
40748	22-Apr-2010	RANCHOPASE	RANCHO PASEO MEDICAL	Issued	189	C	143.00
40749	22-Apr-2010	STMP000966	LOVE, MICHAEL	Issued	189	C	82.50
40750	22-Apr-2010	TIMEWARNER	TIME WARNER CABLE	Issued	189	C	120.01
40751	22-Apr-2010	UNDERGROU	UNDERGROUND SERVICE ALERT	Issued	189	C	133.50
40752	22-Apr-2010	VERIZON	VERIZON	Issued	189	C	573.12
40753	22-Apr-2010	WASTEMANA	WASTE MANAGEMENT	Issued	189	C	237.36
40754	22-Apr-2010	WASTEMANA	WASTE MANAGEMENT	Issued	189	C	118.95
40755	22-Apr-2010	XEROX	XEROX CORPORATION	Issued	189	C	566.08
40756	29-Apr-2010	AIRPROSERV	AIR PRO SERVICES	Issued	195	C	130.00
40757	29-Apr-2010	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	195	C	8.00
40758	29-Apr-2010	AVAYA	AVAYA INC	Issued	195	C	120.38
40759	29-Apr-2010	B ACE HOME	BEAUMONT DO IT BEST HOME CENTER	Issued	195	C	94.58
40760	29-Apr-2010	BYRDINDELE	BYRD INC ELECTRONICS	Issued	195	C	574.74
40761	29-Apr-2010	CITYOFB	CITY OF BEAUMONT	Issued	195	C	2,000.00
40762	29-Apr-2010	CONTROLVAL	CONTROL VALVE SYSTEMS INC	Issued	195	C	448.13
40763	29-Apr-2010	CVAUTO	CHERRY VALLEY AUTOMOTIVE	Issued	195	C	372.93
40764	29-Apr-2010	DAUGHTERY	DAUGHTERY'S PEST CONTROL	Issued	195	C	200.00
40765	29-Apr-2010	DAVINCI	DA VINCI PRINTING & BLUEPRINTS	Issued	195	C	28.87
40766	29-Apr-2010	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	195	C	21,655.78
40767	29-Apr-2010	FREEMANOFF	FREEMAN OFFICE PRODUCTS	Issued	195	C	1,156.02
40768	29-Apr-2010	HALLIWILLJ	HALLIWILL, JOHN	Issued	195	C	600.00
40769	29-Apr-2010	HASLE000	HASLER FINANCIAL SERVICES LLC	Issued	195	C	4,510.17
40770	29-Apr-2010	INLANDWATE	INLAND WATER WORKS	Issued	195	C	1,660.40
40771	29-Apr-2010	METROCALL	USA MOBILITY WIRELESS INC.	Issued	195	C	25.73
40772	29-Apr-2010	NAPAAUTOPA	NAPA AUTO PARTS	Issued	195	C	94.84
40773	29-Apr-2010	PITNEYBOW	EASYPERMIT POSTAGE	Issued	195	C	2,681.68
40774	29-Apr-2010	PRESTIGEMO	PRESTIGE MOBILE DETAIL	Issued	195	C	96.00
40775	29-Apr-2010	RIOSTONE	RIO STONE BUILDING MATERIALS	Issued	195	C	177.25
40776	29-Apr-2010	ROSSK000	ROSS, KEN	Issued	195	C	600.00
40777	29-Apr-2010	SGPWA	SAN GORGONIO PASS WATER AGENCY	Issued	195	C	71,008.00
40778	29-Apr-2010	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	195	C	206.67
40779	29-Apr-2010	STELLAPARK	PARKS, STELLA	Issued	195	C	400.00
40780	29-Apr-2010	STMP000967	KING, DANE	Issued	195	C	34.89
40781	29-Apr-2010	STMP000968	UGALDE, HOLLI	Issued	195	C	20.96
40782	29-Apr-2010	STMP000969	DOSTAL, WILLY	Issued	195	C	122.64
40783	29-Apr-2010	VERIZON	VERIZON	Issued	195	C	189.27
40784	29-Apr-2010	VERIZON	VERIZON	Issued	195	C	555.67
40785	29-Apr-2010	VERIZONWIR	VERIZON WIRELESS	Issued	195	C	654.00
<b>Total Computer Paid :</b>		<b>1,035,242.57</b>	<b>Total EFT PAP :</b>	<b>0.00</b>	<b>Total Paid :</b>		<b>1,035,242.57</b>
<b>Total Manually Paid :</b>		<b>0.00</b>	<b>Total EFT File :</b>	<b>0.00</b>			

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

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## ***Memorandum***

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**Date:** May 12, 2010  
**From:** Anthony Lara, Interim General Manager  
**To:** Board of Directors  
**Subject:** Invoices Pending Payment

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Attached please find copies of the professional services invoices which are pending payment. Total amount pending approval is \$92,908.46

<b>Name</b>	<b>Invoice #</b>	<b>Amount This Invoice</b>
Parsons	10040129	\$38,379.22
Sidley Austin LLP	30017631	\$30,049.28
Charles Z. Fedak & Co	43010	\$11,243.00
Redwine & Sherrill	410001	\$13,236.96
		<b><u>\$92,908.46</u></b>

**Recommendation:** That the Board approves payment of the attached invoices totaling \$92, 908.46



**MEMORANDUM**

April 5, 2010

 **COPY**

**HOLD INVOICE**  
**Board Approval Required**

**TO:** Tony Lara, Interim General Manager  
**FROM:** Steve Gratwick  
**SUBJECT:** Work During Billing Period: 2/27/10 through 3/26/10  
Invoice No. 10040129

---

During this past billing period we performed the following tasks:

Task 01000 – General:

- Administration.....\$551.25
- Fire Flow Analysis: Beaumont HS.....\$680.00
- District Sphere-of-Influence Map.....\$180.00

Task 10003 – 2800 Recycled Water Tank:

- Reviewing Contractor's RFIs & project billing and administration,  
Field inspection of tank, Prepare change order;.....\$5,530.00
- ODCs (Converse Consultants – On site soil technician & compaction testing, and  
laboratory testing).....\$740.10
- ODCs (Postage, Reproduction, & Travel).....\$85.91

Task 10018 – Ring Ranch Road Extension:

- Coordinating and preparing easement documents for property owners; Revise plans  
based on comments from Centerstone Development; Review Contractor's  
submittals;.....\$13,032.50
- ODCs (Postage, Reproduction, & Travel).....\$58.63

Task 10020 – Desert Lawn Dr. Project:

- Review and prepare change order, project billing and administration.....\$3,170.00
- ODCs (Converse Consultants - On site soil technician & compaction testing, and  
laboratory testing).....\$11,643.83
- ODCs (Postage, Reproduction, & Travel).....\$15.00

Task 10022 – Brookside Blvd Pipeline

- Review and prepare change order, project billing and administration;.....\$2,265.00
- ODCs (Converse Consultants - On site soil technician & compaction testing, and  
laboratory testing).....\$427.00

\$ 38,379.22



100 West Walnut Street • Pasadena, California 91124 • (626) 440-2000 • Fax: (626) 440-2630 • www.parsons.com

# INVOICE

NET 30 DAYS  
APRIL 05, 2010

CLIENT REF. : CONTRACT 8/31/81  
INVOICE NO. : 10040129  
PROJECT NO. : 723185-W  
CLIENT NO. : 72192

TO: BEAUMONT-CHERRY VALLEY WATER DISTRICT  
560 MAGNOLIA AVE.  
BEAUMONT, CA

92223-2037

ATTN: MR. ANTHONY LARA, INTERIM GEN. MGR.

PLEASE REMIT TO:  
PARSONS WATER & INFRASTRUCTURE  
P. O. BOX 601094  
PASADENA, CA

91189-1094

FOR: BEAUMONT-CHERRY VALLEY ENGINEER

BILLING PERIOD: 2/27/10 THROUGH 3/26/10

## PROFESSIONAL SERVICES

Labor Costs:

ODCS without markup:

HOURS

167.2

CURRENT PERIOD  
THROUGH 3/26/10

25,408.75

12,970.47

SUBTOTAL:

38,379.22

TOTAL THIS INVOICE:

38,379.22





SIDLEY AUSTIN LLP  
555 CALIFORNIA STREET  
SAN FRANCISCO, CA 94104  
(415) 772 1200  
(415) 772 7400 FAX

BEIJING  
BRUSSELS  
CHICAGO  
DALLAS  
FRANKFURT  
GENEVA  
HONG KONG  
LONDON  
LOS ANGELES  
FOUNDED 1898

NEW YORK  
PALO ALTO  
SAN FRANCISCO  
SHANGHAI  
SINGAPORE  
SYDNEY  
TOKYO  
WASHINGTON, DC

**HOLD INVOICE**  
**Board Approval Required**

April 19, 2010

FEDERAL ID 36-2158694

Anthony Lara, General Manager  
Beaumont-Cherry Valley Water District  
560 Magnolia Ave  
Beaumont, CA 92223-2258

PLEASE INDICATE INVOICE  
NUMBER ON REMITTANCE  
Invoice Number 30017631  
Client Matter 49551-30020

RE: 2010 Promissory Note

For professional services rendered pursuant to engagement letter dated  
March 18, 2010.

Fees

Expenses

Total Due This Bill

**RECEIVED**  
APR 21 2010

\$30,000.00

BY: ..... 49.28

\$30,049.28

Remit Check Payments To:  
Sidley Austin LLP  
P.O. Box 0642  
Chicago, Illinois 60690

Remit Wire Payments To:  
Sidley Austin LLP  
JP Morgan Chase Bank, NA  
Account Number: 5519624  
ABA Number: 071000013  
Swift Code: CHASUS33XXX

Payment is Due Within 30 Days of Receipt of Invoice





Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
(562) 598-6565  
FAX (714) 527-9154  
EMAIL: czfco@czfcpa.com

April 30, 2010



Ms. Julie Salinas, Business Manager  
Beaumont-Cherry Valley Water District  
560 Magnolia Avenue  
Beaumont, CA 92223

BY: .....

Professional services rendered during the month of April 2010:

Final billing on audit of financial statements of  
the District for the year ended December 31,  
2009.

\$ 9,300.00

Preparation of State Controller's Report to the State of  
California for the year ended 12/31/09.

750.00

Out-of-pocket expenses incurred in connection  
with the above work performed.

1,193.00

**\$ 11,243.00**

**DUE AND PAYABLE UPON RECEIPT**

April 28, 2010

Invoice # 410001

Beaumont Cherry Valley Water District  
ATTN: Tony Lara  
P. O. Box 2037  
Beaumont, CA 92223

**RECEIVED**  
MAY 03 2010

BY: .....

For Services Rendered During April 2010

Legal Fees due for Month	\$13,185.00
Costs Advanced for Month	\$ 51.96
<b>CURRENT AMOUNT DUE</b>	<b>\$13,236.96</b>

**RECORD OF THE MINUTES OF THE  
SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
March 26, 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 HALLIWILL**

Director Halliwill led the pledge.

**INVOCATION, DIRECTOR WOLL**

Director Woll 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 Luwana Ryan to address the Board on an item not on the agenda. Ms. Ryan commented on the District holding yet another special meeting at which Legal Counsel was present, even though no closed sessions were scheduled for the meeting. Ms. Ryan suggested that as a way to cut cost perhaps the District could hold a meeting without Legal Counsel being present.

Secretary Woll invited Judy Bingham to address the Board on an item not on the agenda. Ms. Bingham asked the Board how much the rates were going to go up as a result of the District taking this loan and when she could expect her rates to go up.

President Ball asked the Interim General Manager to report on the status of the rate study. Interim General Manager Lara reported that the draft report would be presented at the regularly scheduled board meeting in April.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

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

**2. APPROVAL, RATIFICATION AND CONFIRMATION OF LOAN AGREEMENT WITH  
BANK OF AMERICA, AGREEMENTS WITH FINANCIAL CONSULTANT AND BOND  
COUNSEL AND ADOPTION OF RESOLUTION 2010-05\*\***

Secretary Woll invited Luwana Ryan to address the Board on item 2. Ms. Ryan commented that back in 2006, the District approved the rate study which called for a 6% increase annually for a total of 30% over five years. The District now has a loan to pay back, cash has been depleted and there has not been a rate increase since 2007. Ms. Ryan noted that this was not a good way to run a business.

President Ball asked Interim General Manager Lara to speak on this item. Mr. Lara reviewed the events that had taken place in the last 12 months, reporting that the District had traveled up to Sacramento on several occasions regarding the Grant & Loan the District was in line to receive. As a result of the State Budget outcome the District lost the grant funding. Later in the year, the District was told they no longer qualified for the loan as one phase remained incomplete. With contractual obligations to four contractors, the District opted to continue with the projects already under construction and seek out alternative funding. At this time, two of the four projects are completed, the third one is approximately 80% complete and the fourth is scheduled to begin in the coming weeks. As noted by Ms. Ryan, Mr. Lara agreed that cash funds were depleted and that this 5 million dollar loan will not only help the District finish the two remaining projects but will also allow the District to reimburse itself for the work already done.

Lastly, Mr. Lara reported that the package was being presented at this special meeting as the documents must be executed today in order to be mailed up to Sacramento (bond counsel) on Monday in order to fund on Wednesday, March 31, 2010. If the District fails to fund by Wednesday, March 31<sup>st</sup>, the District will not be guaranteed the same low interest rate as the current package. Mr. Lara turned the floor over to Financial Advisor Tom Demars of Fieldman Rolapp & Associates.

Mr. Demars introduced himself and reported that he understood, when engaged to assist the District in obtaining funding, that there was urgency in obtaining these funds. Special bond counsel was selected accordingly. The District's credit application was formally approved two weeks ago and from that moment on Consultants and Counsels began to put the documents together and negotiate the final terms and conditions.

The District has been approved for a 5-Year loan with a Promissory Note promising that the District will pay out of revenues (net revenue pledge). The interest rate for the term of the loan is 3.38% and the interest and principal is payable semiannually through 2015. Funds (minus banking fees) will be wired directly to the District's account at Bank of Hemet.

Mr. Demars turned the floor over to Legal Counsel Eagans. Director Ross inquired on Section 4, page 2 of Resolution 2010-05 where it is stated that Sidley Austin LLP has been retained as bond counsel to the District. Mr. Eagans reported that Sidley Austin LLP was being retained solely for this one transaction.

Director Woll asked Counsel Eagans if this parity obligation would cause any restriction on the District obtaining other loans and/or financing. Mr. Eagans explained that as long as revenues are 115% of obligations, the District can seek additional funding.

General Counsel Granito requested to speak. Mr. Granito shared his personal observation that the Interim General Manager deserved some appreciation for reacting in the wake of the failure of the State and Federal funding. Mr. Granito stated that he was impressed by how quickly Mr. Lara put a team together and the outcome.

President Ball reviewed the events of the past 12 months. Vice President Parks complimented Interim General Manager Lara on the work he has done, a compliment which Mr. Lara passed down to his staff. Director Ross expressed his opinion that the City of Beaumont had set the District up for failure. Director Woll stated the Board has been dealt a difficult hand. While the Board may not be moving fast, it is moving in the right direction, carefully weighing every decision and the effect it will have on the District for years to come.

Vice President Parks moved to approve Resolution 2010-05. Director Woll seconded. The motion passed with the following votes:

Ayes:	Halliwill, Parks, Ross, Woll & Ball
Nays:	None
Absent:	None
Abstain:	None

President Ball called for a recess at 7:31 pm.

President Ball reconvened the meeting at 7:37 pm.

**3. APPROVAL OF AMENDING PART 2 SECTION 20, PARAGRAPH I (FINANCIAL OFFICER, PAGE 20) OF THE DISTRICT'S POLICIES AND PROCEDURES MANUAL (FINANCIAL OFFICER) RESOLUTION 2010-06\*\***

Secretary Woll invited Luwana Ryan to address the Board on item 3. Ms. Ryan suggested that the District is in the financial condition that it is because while the rate increases were approved, they were never implemented by the previous board or this current board.

Ms. Ryan recalled that in January 2006, when the Board was adopting the 2005 Urban Water Management Plan, she had brought up the lack of documentation for the recycled water system. This was not a new thing that was brought up in 2009. Ms. Ryan summarized that there appeared to be this complete inability of this board to face the current financial situation.

Secretary Woll invited Frances Flanders to address the Board on item 3. Ms. Flanders reported that she felt the hiring of the Controller should be the job of the General Manager. Ms. Flanders feels the Board should give the Interim General Manager more latitude to do his job or make it permanent. The Board does not have the time to research and analyze the many issues the District is facing. The General Manager, on the other hand, has the time and resources. Ms. Flanders hopes this Board can learn to trust and oversee instead of involving itself in every detail of this multi-faceted transition.

President Ball reported that the current policy (adopted in March 2009) states that the Board will appoint the Finance Director. He and Director Parks have reviewed the policy and are suggesting the General Manager have the ability to take part in the interview process, developing the job description and make the appointment. Vice President Parks added that not only did the suggested policy changes give the General Manager the ability, it gives him the authority. Board members commented on both the old and suggested policy.

Vice President Ross moved to amend the policy as stated. Vice President Parks seconded. The motion passed unanimously. The motion passed with the following votes:

Ayes: Halliwill, Parks, Ross, Woll & Ball  
Nays: None  
Absent: None  
Abstain: None

**4. ADJOURNMENT**

On a motion by Vice President Parks, seconded by Director Ross and by unanimous vote, the meeting was adjourned at 7:50pm.

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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

**RECORD OF THE MINUTES OF THE  
REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
April 14, 2010**

**CALL TO ORDER, PRESIDENT BALL**

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

**PLEDGE OF ALLEGIANCE, VICE PRESIDENT PARKS**

Vice President Parks led the pledge.

**INVOCATION, PRESIDENT BALL**

President Ball 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 asked if the Board had a policy on their participation in Watermaster. President Ball replied that he was not certain the Board had a policy on its interaction with the General Manager as it concerns to Watermaster. Interim General Manager Lara clarified that no such policy was in place.

Secretary Woll invited Glen Shelley to address the Board on an item not on the agenda. Mr. Shelley stated that he and his family owned and operated a business here in Beaumont for 60 years. They sold the business in 2005. The property recently foreclosed. In addition to vandalism, there is a large water bill outstanding. Mr. Shelley requested that, if possible, the District go after the former customer who resides and operates a business in Banning. President Ball directed Interim General Manager Lara to look into the request. Mr. Lara asked that Mr. Shelley leave his contact information.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

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

**2. FINANCIAL REPORTS**

President Ball thanked Director Halliwill for attending the Finance & Audit Committee meeting in his place.

## a. Bills for Consideration\*\*

Board Action  
March 2010

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 approve the March 2010 invoices. Vice President Parks 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 reported that the Finance & Audit Committee reviewed the invoices pending payment and received an amendment to a page that was left out.

Director Ross moved to approve invoices pending payment. Vice President Parks seconded. The motion passed unanimously.

c. Month End Financial Statements  
March 2010\*\*Board Action

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

Secretary Woll invited Luwana Ryan to address the Board on item 2c. Ms. Ryan stated that she had brought up at the Finance & Audit Committee meeting that up until a few months ago, the Financial Statement included a report on Fund Balances (including emergency and operating reserves), a report which now seems to be missing. Is the District still funding these reserves? Ms. Ryan reported that our policy states that a certain percentage of water sales will be placed in these reserves and that the Board must approve any expenditures funded by this reserve.

On a separate note, Ms. Ryan suggested that the information shared at the special meeting held on March 26<sup>th</sup>, which was shared with the four audience members, should be shared with the general population.

President Ball agreed with Ms. Ryan that it was important for the Board to understand what these reserves are. President Ball requested that Mr. Lara present this to the Board.

Director Ross moved to accept and file the March Month End Financial Statement. Vice President Parks seconded. The motion passed unanimously.

## d. First Quarter Report\*\*

Board Action

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

Director Ross moved to accept and file the First Quarter Report. Director Woll seconded. The motion passed unanimously.

**3. APPROVAL OF THE MINUTES****a. Minutes of the Special Meeting of March 3, 2010\*\***

Director Woll moved to approve the Minutes of the Special Meeting of March 3, 2010. Vice President Parks seconded. The motion passed unanimously.

**b. Minutes of the Special Meeting of March 17, 2010\*\***

Vice President Parks moved to approve the Minutes of the Special Meeting of March 17, 2010. Director Ross seconded. The motion passed unanimously.

**4. REQUEST RECEIVED FROM NATALIE CUNNINGHAM TO DISCUSS WATER BILL FOR 39955 GRAND AVENUE\*\***

Secretary Woll invited Natalie Cunningham to make her request before Board. Ms. Cunningham stated that she had lived at her residence for 12 years and that she has never had such a high bill. It is double what her bill might be on the hottest months of the year. She does not believe the meter read zero when it was installed but has to trust and believe what District staff is saying. Ms. Cunningham phoned the District immediately when she received the high bill. She gave free access to District staff to visit her property. She hired a plumber. She has done all that a responsible person can do and is now requesting that the Board evaluate her consumption history and adjust her bill according to her historical usage. Ms. Cunningham also suggested the District take the time and make the effort to notify customers when meters are going to be changed out so that customers can themselves verify the beginning read and alleviate the possibility of situations like hers from occurring.

Interim General Manager Lara reported that Staff had changed out the meter as the result of a broken register. Mr. Lara further reported that the serviceman reported a zero read on the new meter at the time of installation. Following the high bill inquiry, the meter was tested both in-house and by the manufacturer and both test showed the meter operated within AWWA standards. Mr. Lara also had field staff conduct a month long investigation and while the usage was down during the investigation, there is no evidence to support that the water did not go through the meter. Based on the information staff has gathered (and presented to the Board), the water bill is due and payable.

It was determined that the original meter was installed in 1996. Following some Board discussion, Director Ross volunteered to be part of an Ad-hoc Committee that would review Ms. Cunningham's account and usage history.

Director Ross moved to form an Ad-hoc Committee to review the customer's account. President Ball seconded. Director Parks stated that water had to travel through the meter to register the read. Motion passed with a 4-1 vote, with Director Woll not supporting the formation of an Ad-hoc Committee.

President Ball asked Director Parks to serve on the Committee with Director Ross. The Committee is to review and report back at the next meeting.

**5. APPROVAL OF RESOLUTION 2010-07 AUTHORIZING DELEGATES TO VOTE ON BEHALF OF THE DISTRICT AT THE LAFCO SPECIAL DISTRICTS ELECTION (DIRECTOR ROSS)**

President Ball moved to approve Resolution 2010-07. Vice President Parks seconded. The motion passed unanimously.



## **6. REVIEW OF DRAFT WATER RATE STUDY**

Gregg Tobler of Willdan Financial Services presented the draft water rate study.

Following a question and answer segment and board discussion, President Ball directed Mr. Tobler to present four models to the District: (1) with all capital projects being funded by bonds, (2) with all capital projects being funded by the District on a paygo basis, (3) with a modified listing of capital projects being funded by bonds, and (4) with a modified listing of capital projects being funded by the District on a paygo basis. The projects to be removed for the modified listing included the: Bonita Vista/Cherry Valley Water Company Well Rehabilitation and Pipeline (\$1,579,000), RR1 Well Rehabilitation and Pipeline (\$400,000), Pollution Control Project (\$5,140,000), San Timoteo Non Potable Wells and Pipeline to Recycled Water System (\$6,590,000), and Sundance Stormwater Recovery Project (\$2,093,000). The following projects were also updated to reflect funding from depreciation fund (vs. water rates): Highland Springs Reservoir Painting and Rehabilitation (\$177,000), Distribution and Transmission Pipeline Replacement (\$3,277,000) and GIS/GPS Equipment Upgrades (\$47,000).

The Board further discussed holding a workshop on Wednesday, April 28, 2010 at 7:00pm to review the four models of the water rate study. Director Woll requested that the materials be made available to the Board and Public as soon as possible to allow time for review prior to the workshop. Director Halliwill suggested that a notice for the workshop be advertised in the local newspaper.

## **7. DISCUSSION AND POSSIBLE ACTION RE REDISTRICTING (ADJUSTING DIVISION BOUNDARIES)**

Secretary Woll invited Luwana Ryan to address the Board on item 7. Ms. Ryan believes that it is ill advised to redistrict boundaries before elections (3 seats). Interim General Manager Lara agreed with Ms. Ryan that it would be best to take action after the elections and the census and reported the memorandum and supporting maps were provided to the Directors as information only items. District Legal Counsel Granito added that the law only mandated redistricting after a Federal census which in this case would be 2011.

It was the consensus of the Board to consider redistricting in 2011, following the Federal census.

## **8. REPORTS FOR DISCUSSION AND POSSIBLE ACTION**

### **(a) Ad hoc Committees**

### **(b) General Manager**

- SWP Water Allotment – It was reported that the allotment had been increase to 15%, up from the previous 10% (started the out with 5%).
- Recycled Water Projects – Both the Desert Lawn Drive and Brookside pipelines are completed, fully charged, chlorinated and in-service. The 2MG reservoir is currently under coating operation and the Ring Ranch Rd pipeline job just started last week. The District did have to get easements from residents. Agreements should come before the Board for execution at the May meeting.
- Cherry Valley Water Company – District met with CVWC at Redwine & Sherrill on April 6<sup>th</sup> to discuss financing options, wording on agreements, ect. Discussions continue.

### **(c) Directors**

- Dr. Blair Ball – Reported that he attended the Watermaster meeting and had concerns that both legal counsel and engineer doing work for Watermaster are also working for member agencies.
- John Halliwill – Reported on the Collaborative Agency meeting. School District shared plans for High School, Park District shared plans for additional facilities and City shared plans to move Police station to Summit Elementary School (vacant).

- Stella Parks – Reported that the San Geronio Pass Water Agency would now be holding all meetings at 1:30pm.
- Ken Ross
- Ryan Woll

**(d) Legal Counsel**

District Legal Counsel reported on AB1975. Legal Counsel and Interim General Manager will be watching the Bill and reporting back to the Board.

**9. ANNOUNCEMENTS**

The District will hold a special meeting on Wednesday, April 28, 2010 at 7:00pm.

**ACTION LIST**

- General Manager to look into and report back on emergency and reserve funds.
- Ad-Hoc Committee to report back on evaluation of Ms. Cunningham's request

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

**A. A Closed Session will be held pursuant to subdivision (a) of Government Code Section 54956 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, Tony Lara) re the Memorandum of Understanding with the District's represented employees.**

**11. OPEN SESSION- REPORT ON CLOSED SESSION**

President Ball reconvened to Open Session at approximately 10:32PM.

General Counsel Gil Granito reported that at approximately 9:45PM, 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 10.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 10.A. of tonight's agenda. No further reportable action was taken.

The second and last matter discussed in Closed Session concerned Item 10.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.

**12. THE BOARD WILL CONSIDER APPROVING, RATIFYING AND CONFIRMING THE FURLOUGH PROGRAM (ONE DAY PER MONTH FOR ALL EMPLOYEES OF THE DISTRICT) IMPLEMENTED BY THE DISTRICT'S INTERIM GENERAL MANAGER ON MONDAY, APRIL 12, 2010 AND TERMINATING ON OCTOBER 31, 2010) AND AUTHORIZING THE DISTRICT'S INTERIM GENERAL MANAGER TO EXECUTE AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH THE DISTRICT'S REPRESENTED EMPLOYEES WHICH SETS FORTH THE TERMS OF SAID FURLOUGH PROGRAM.**

Director Parks moved, seconded by Director Ross, unanimously carried, approving, ratifying and confirming the furlough program (one day per month for all employees of the District) implemented by

the District's Interim General Manager on Monday, April 12, 2010 and terminating on October 31, 2010) and authorizing the District's President and Interim General Manager to execute an agreement regarding said furlough program.

**13. ADJOURNMENT**

President Ball adjourned the meeting at approximately 10:38PM.

---

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

Attest:

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

**RECORD OF THE MINUTES OF THE  
SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
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.

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

Attest:

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



# BEAUMONT CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue • PO Box 2037

Beaumont, CA 92223-2258

Phone (951) 845-9581

www.bcvwd.org

☒ Will Serve Request ☐ Water Supply Assessment (SB210)

Applicant Name: <u>Pardee Homes</u>	Contact Phone #: <u>310 475-3525</u>
Mailing Address: <u>10880 Wilshire Blvd, STE 1900</u>	Fax #:
City: <u>Los Angeles</u>	E-mail: <u>Mike.Taylor@pardeehomes.com</u>
State & Zip: <u>CA 90024</u>	
Service Address:	
Assessor's Parcel Number (APN), Tract Map No. Parcel Map No.: <u>T.T.M. 36307</u>	
Project Type: <input type="checkbox"/> Single-Family <input type="checkbox"/> Multi-Family <input type="checkbox"/> Commercial/Industrial <input type="checkbox"/> Minor Subdivision (5 lots or less) <input checked="" type="checkbox"/> Major subdivision (6+ lots) <input type="checkbox"/> Other	
Site Map Attached: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <u>Emailed</u>	

The letter should be delivered to:

Recipient: <u>Mike Taylor</u> <u>10880 Wilshire Blvd, STE 1900</u> <u>Los Angeles CA 90024</u>
PLEASE CHOOSE ONE: <u>original to be mailed</u> <input checked="" type="checkbox"/> Mail (above address) <input checked="" type="checkbox"/> E-mail → w/ email as well <input type="checkbox"/> Fax <input type="checkbox"/> Will pick up

The District reserves the right to impose terms and conditions in Will Serve Letters and/or Water Supply Assessment Reports that take into account water availability issues, conservation issues and the District's existing facilities, all of which impact the District's ability to provide service to the subject property and maintain the District's ability to meet existing water demands.

Greg Hohman  
Applicant's Signature  
Greg Hohman  
FOR Mike Taylor

5/3/10  
Date

gregoryhohman@gmail.com



OAK VALLEY SPECIFIC PLAN #318  
EAST VALLEY GOLF COURSE

**TENTATIVE TRACT MAP 31462  
SUN-CAL PROPERTY, P.A. 26  
RESIDENTIAL**

OAK VALLEY SPECIFIC PLAN #318  
EAST VALLEY GOLF COURSE

**LEGEND**

OAK VALLEY SPECIFIC PLAN #318  
TR. 31288  
RESIDENTIAL

**NOTE:**  
STREET SECTIONS ARE SHOWN ON SHEET 1  
OAK VALLEY PARTNERS CONSTRUCTION EASEMENT TO BE OUTLINED.  
TELEPHONE AND TELEGRAPH COMPANY EASEMENT TO BE OUTLINED.  
SEWER EASEMENT TO BE OUTLINED.  
S. CALIFORNIA SECTION OF THE PROFESSIONAL COUNCIL'S ASSOCIATION EASEMENT TO BE OUTLINED

<p>TENTATIVE TRACT NO. 36307</p> <p>CITY OF BEAUMONT COUNTY OF RIVERSIDE STATE OF CALIFORNIA</p>	<p>TTM</p>
	<p>SHT 2 OF 2</p>

# BEAUMONT CHERRY VALLEY WATER DISTRICT

## DIRECTORS

*Dr. Blair Ball*

President

*Stella Parks*

Vice President

*John M. Halliwill*

*Kenneth Ross*

*Ryan Woll*

**Anthony Lara**

**Interim General Manager**

560 Magnolia Avenue

Beaumont, California 92223-2258

Telephone 951-845-9581

Fax 951-845-0159

[www.bcvwd.org](http://www.bcvwd.org)

## OFFICERS

*Ryan Woll*

Secretary

*Kenneth Ross*

Treasurer

*Gil Granito*

General Counsel

Redwine & Sherrill

May 13, 2010

Mr. Mike Taylor  
Pardee Homes  
10880 Wilshire Blvd, Ste 1900  
Los Angeles, CA 90024

Re: Tract 36307  
Beaumont, CA 92223

Dear Mr. Taylor:

At the Regular Meeting of the Board of Directors held on May 12<sup>th</sup>, 2010, the Board of Directors approved the issuance of a Will Serve Letter for the following project:

Project Name: TTM 36307

Project Location: Oak Valley Specific Plan #318

Project Description: Single family residential project with 233 lots

The District will service the property assuming all obligations to provide service are met including, but not limited to, the Rules and Regulations Governing Water Service as amended by the Board of Directors from time to time. The District reserves the right to impose terms and conditions that take into account water availability issues, conservation issues and the District's existing facilities, all of which impact the District's ability to provide service to the subject property and maintain the District's ability to meet existing water demands.

We look forward to working with you in the coming months and please feel free to contact me at (951) 845-9581, ext. 21 should you have any questions.

This letter will expire 12 months from the date of issue.

Sincerely,

Anthony L. Lara  
Interim General Manager



**ORDINANCE NO. 2007-1**

**ORDINANCE OF THE BOARD OF DIRECTORS OF THE  
BEAUMONT-CHERRY VALLEY WATER DISTRICT PROVIDING FOR  
COMPENSATION OF MEMBERS OF THE  
BOARD OF DIRECTORS**

**THE BOARD OF DIRECTORS OF THE BEAUMONT-CHERRY VALLEY  
WATER DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, DOES ORDAIN as  
follows:**

**Section 1. Purpose.** This Ordinance is enacted pursuant to Section 20200 et seq.  
of the Water Code of California.

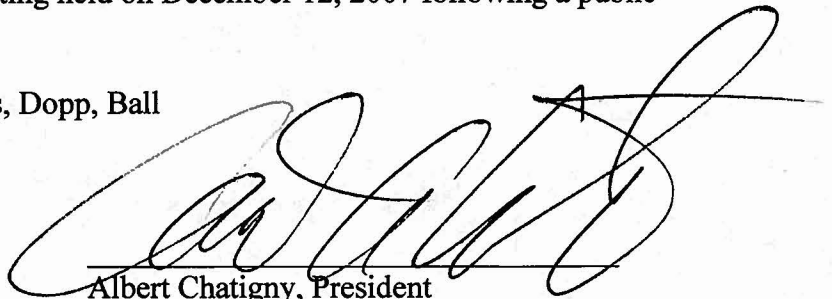
**Section 2. Compensation and Operative Date.**


A. Each Director shall receive \$200.00 compensation per day for each day's  
service rendered at meetings or events specified in the Policy Statement entitled "Board  
Member's Compensation and Expense Reimbursement" adopted this same date and as  
amended from time to time, not exceeding a total of ten (10) days in any calendar month.

THE FOREGOING ORDINANCE was introduced at a meeting of the Board of  
Directors of the Beaumont-Cherry Valley Water District held on December 12, 2007,  
following a public hearing, notice of which was published in the Press Enterprise. This  
Ordinance takes effect 60 days from and after the date of its passage.

PASSED and ADOPTED by the Board of Directors of the Beaumont-Cherry  
Valley Water District at a regular meeting held on December 12, 2007 following a public  
hearing by the following vote:

AYES: Chatigny, Parks, Dopp, Ball  
NOES: Lash  
ABSENT:  
ABSTAIN:

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

  
C.J. Butcher, Secretary  
Beaumont-Cherry Valley Water District  
and the Board of Directors thereof



## BEAUMONT CHERRY VALLEY WATER DISTRICT

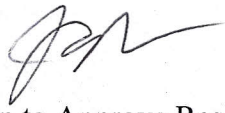
560 Magnolia Avenue  
Beaumont, CA 92223  
(951)-845-9581

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### MEMORANDUM

May 5, 2010

TO: Tony Lara  
Interim General Manager

FROM: J. Reichenberger   
District Engineer

SUBJECT: Board Action to Approve Resolution for State Water Resources Control  
Board Planning Grant Application

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#### Background

I have assumed that the District would be applying to the State Water Resources Control Board (SWRCB) for a low interest State Revolving Fund (SRF) /Water Recycling Loan Program Funding for construction of the recycled water pipeline and pump station to take recycled water from the end of the proposed Yucaipa Valley Water District pipeline at Cherry Valley Blvd and I-10 to our existing recycled water system pipeline in Brookside Avenue near Hannon. The project consists of a small tank, booster pump and about 6500 ft of 24-in pipeline. The project cost would be about \$1.5 to 1.75 million and would yield about 2000 acre-ft of water per year. Our current water use in the non-potable system is about 2200 acre-ft per year. Applying for the low interest loan would allow the District to pay this project off over 20 years. For a loan of \$1.75 million the annual payment would be about \$110,000 at 2.5% interest. (Constructing this connection would not preclude BCVWD from taking recycled water from the City of Beaumont once an agreement is reached with the City.)

The District will need to complete a Facilities Planning Report, the first step. This report which will describe the project, evaluate alternatives, and define the cost in more detail, etc., is required by the State as a condition of the loan. The report will be done by District Engineering Staff, with help from the District's Engineering Consultant, Parsons, for the CEQA and other specialty work.

The SWRCB is offering "Planning Grants" up to \$75,000 to assist agencies, such as the BCVWD, in preparing these Facilities Plans. The money is a grant, which means it does not have to be repaid. However it is a "matching fund." This means the District and the State will share equally in the cost of preparing the Facilities Plan. There is no "downside" to accepting this grant. It will cut the District's cost in half.

In order to apply for the planning grant, the Board will need to approve a resolution authorizing our Interim General Manager, or his designee, to negotiate the Planning Grant Contracts with the State. The SWRCB will review the Planning Grant application,

which is completed and ready to be submitted, along with the resolution. The grant approval will be issued in about 2 months. We have 3 years to complete the actual Facilities Plan. We should be done by the end of this year or before.

**Recommendation:**

Approve the resolution entitled:

**RESOLUTION NO 2010 - \_\_\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE**

**BEAUMONT CHERRY VALLEY WATER DISTRICT**

**AUTHORIZING THE INTERIM GENERAL MANAGER TO SIGN AND FILE  
A WATER RECYCLING FACILITIES PLANNING GRANT APPLICATION ON  
BEHALF OF THE BCVWD**

## **RESOLUTION NO 2010 -08**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT CHERRY VALLEY WATER DISTRICT AUTHORIZING THE INTERIM GENERAL MANAGER TO SIGN AND FILE A WATER RECYCLING FACILITIES PLANNING GRANT APPLICATION ON BEHALF OF THE BCVWD**

BE IT RESOLVED by the Beaumont Cherry Valley Water District Board of Directors that Anthony Lara, Interim General Manager, or his designee is hereby authorized and directed to sign and file, for and on behalf of the Beaumont Cherry Valley Water District, a Water Recycling Facilities Planning Grant Application for a grant from the State Water Resources Control Board in the amount not to exceed \$75,000,00 for a facilities planning study of a pump station(s) and pipeline(s) for recycled water supply from Yucaipa Valley Water District to the Beaumont Cherry Valley Water District recycled (non-potable) water system, and

BE IT RESOLVED that the Beaumont Cherry Valley Water District Board of Directors hereby agrees and further does authorize the aforementioned representative or his designee to certify that the Agency has and will comply with all applicable state statutory and regulatory requirements related to any state grant funds received, and

BE IT FURTHER RESOLVED that the Interim General Manager, Anthony Lara, or his designee of the Beaumont Cherry Valley Water District is hereby authorized to negotiate and execute a grant contract and any amendments or change orders thereto on behalf of the Beaumont Cherry Valley Water District.

PASSED and ADOPTED by the Board of Directors of the Beaumont Cherry Valley Water District at a regular meeting held on May 12, 2010 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

---

Blair Ball, President  
Beaumont Cherry Valley Water District  
and of the Board of Directors thereof

Attest:

---

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

### **CERTIFICATION**

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors of the Beaumont Cherry Valley Water District held on May 12, 2010.

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



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**MEMORANDUM**

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From: Anthony Lara, Interim General Manager  
To: Board of Directors  
Date: May 12, 2010  
Subject: Water Bill Dispute for Property Located at 39955 Grand Avenue

---

**Background:**

At the Regular Beaumont Cherry Valley Water District Board Meeting of April 14, 2010, President Ball appointed an ad hoc committee (Vice President Parks and Director Ross) to review a disputed water bill for the property located at 39955 Grand Avenue.

The ad hoc committee and staff met on Tuesday, April 20, 2010 to discuss the standard procedures the District follows when investigating disputed water bills.

**Recommendation:**

To be provided by the ad hoc committee.

Beaumont-Cherry Valley Water District  
California



Final Draft Report  
**Water Rate Study**  
Modified CIP Bond Issue Option

May 6, 2010



27368 Via Industria, Suite 110  
Temecula, CA 92590  
T: 951.587.3500  
F: 951.587.3510

May 6, 2010

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

Dear Mr. Lara,

Willdan Financial Services (Willdan) is pleased to present this report on the water rate study conducted for Beaumont-Cherry Valley Water District (District).

This report was undertaken as the District is facing several challenges to continuing its high-quality operations. The focus of this study is to ensure that the utility has sufficient revenues to meet its operational, capital and debt service obligations and that rates are set proportionate to the costs of providing utility service to each customer class. Our report outlines the approach, methodology, findings, and conclusions of this study.

This report has been prepared using generally accepted rate setting techniques. The District's utility accounting, budgeting, and billing records were the primary sources for the data contained within the report. Furthermore, Willdan has worked closely with District staff over the course of this project. The conclusions contained within this report provide the District with a set of recommendations to provide stable technically defensible funding for continued high-quality operations.

It was a pleasure working with you, and we also wish to express our thanks to other staff members at the District, for the support and cooperation extended throughout the study.

Sincerely,

Willdan Financial Services

Gregg Tobler  
Senior Project Analyst

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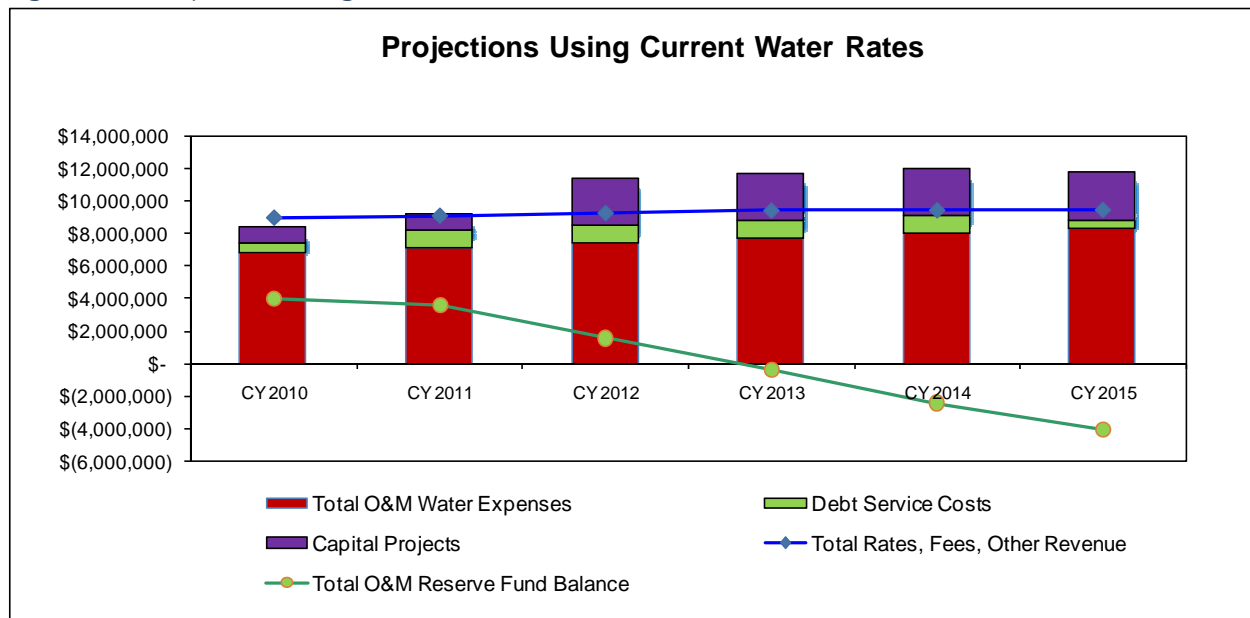
# Executive Summary

The District desires rates that fully fund operations, maintenance, and present and future capital costs for new wells, infrastructure rehabilitation, and enhancements. The District is facing several challenges to continuing its water utility operations, including inadequate annual water rate revenues to keep pace with increasing operational, maintenance and major capital costs; and the need to meet water conservation objectives while maintaining a self-funding water utility enterprise fund.

The District retained Willdan Financial Services (Willdan) to prepare a rate study for the water utility to ensure the utility has sufficient revenues to meet their operational, capital and debt service obligations and that rates are set proportionate to the costs of providing utility service to each customer class in compliance with Proposition 218. Therefore, the purpose of the proposed rate study is to provide recommendations on changes to the current utility rate structure to meet these challenges. As part of this rate study, Willdan facilitated dialogue with District staff during conference calls and meetings. During these discussions, the District made recommendations to incorporate into the study where appropriate. This report documents the findings, analyses and recommendations of the comprehensive rate study effort.

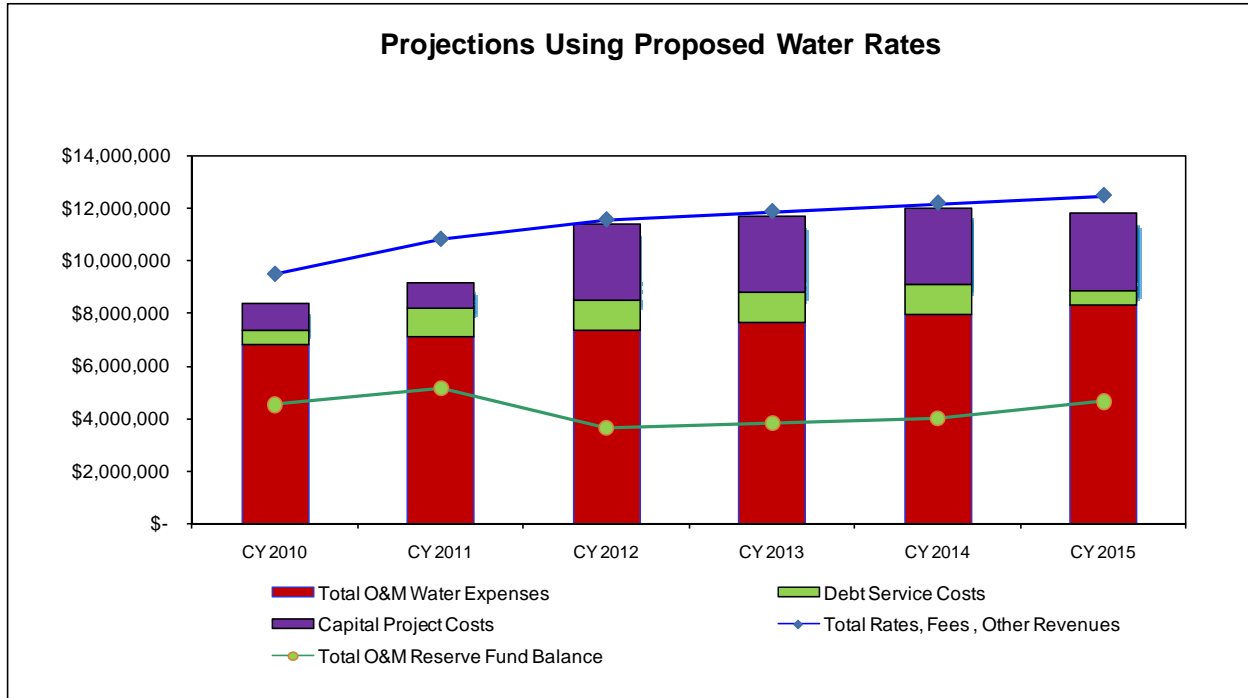
The graph (Figure E-1) below demonstrates the current and projected financial conditions of the water system absent a comprehensive rate restructuring and assuming no rate increases over the next 5 years. As the figure illustrates, holding rate structures and rates constant will result in depleted reserve funds, reduced quality of operations or services, and deferred capital projects that are urgently needed due to aging infrastructure.

Figure E-1: Projection Using Current Water Rates



The graph (Figure E-2) below demonstrates the projected financial condition of the water system assuming adoption of a comprehensive rate restructuring and recommended rate increases over the next 5 years. As the figures illustrate, the proposed rate structure and rate increases will enable the District to continue its operations, establish prudent reserve fund levels, and fund capital projects that are urgently needed through a bond financing.

Figure E-2: Projection Using Proposed Water Rates



The following report provides detail regarding the supporting rate analysis and recommendations.

# Project Background

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Beaumont-Cherry Valley Water District owns and operates a water system for residents and businesses within Beaumont, Cherry Valley and parts of southeastern Calimesa. As of Calendar Year 2010, the water system provides service to approximately 15,000 residential and non-residential potable water customers. The District operates the water system as a self-supporting enterprise.

The District's responsibilities include water storage and delivery, water resource management, water policy development, and water conservation programs. The District maintains 10 active wells with a system production capacity of 34 million gallons per day. The District receives the majority of its water from groundwater supplies. The remainder of the water the District receives comes from State Water Purchase Program.

The District is currently implementing a major capital improvement program which includes new potable wells, well rehabilitation and pipeline, non-potable wells, completion of the recharge facility, a recycled water connection, reservoir painting and rehabilitation, and distribution & transmission pipeline replacement.

The District is facing several challenges to continuing its water utility operations. Utility revenues are not keeping pace with increasing operational and capital costs. In addition, customer account growth has slowed to a 2.5% annual rate and utility infrastructure is aging and must be replaced or repaired.

Due to the uniform water rate schedule, recent market conditions, and conservation objectives implemented by water purveyors, the current model does not accurately predict the revenue stream required for services provided. The District desires rates that fully fund operations, maintenance, present and future capital costs, and accounts for water conservation goals.

## Key Financial Plan Objectives

Several objectives were identified during the study to guide decisions regarding the proposed financial plans and rate structures. The major objectives of the study were:

- Utility rates and fees should generate sufficient revenues to meet operating costs, capital program requirements, debt service obligations, and maintain adequate reserves consistent with sound financial management practices
- Utility rates should be set proportionate to the cost of providing utility service to each customer class to promote fairness and equity and compliance with Proposition 218
- A financial plan that shifts a majority of future capital funding to a debt financing to mitigate the impact on rates that the District's customers pay.
- A financial plan that minimizes the need to continually update the water rate structure
- Conservation objectives of the District to encourage the efficient use of water



- Utility rate and fee structures should be supported by a financial model that is easy to update should costs and assumptions change in the future beyond what was projected at the time of this report

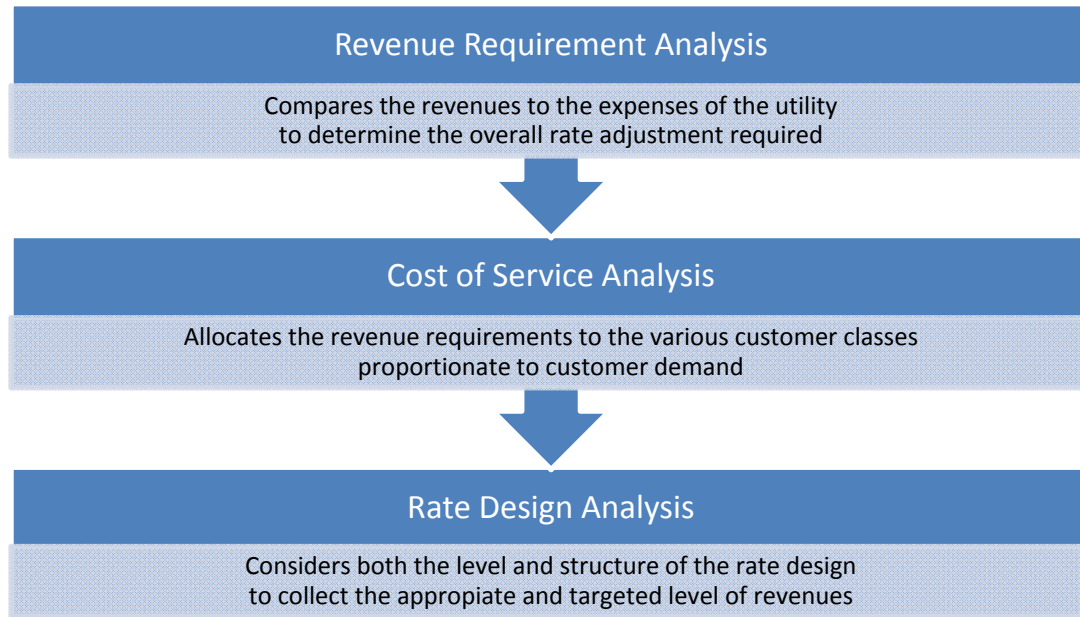
In reviewing the above objectives, it should be noted that the District has limited control over external forces such as growth, consumer behavior, the cost of purchasing water, and system usage. Recognizing these factors, we believe that the recommendations in this study provide a fair, reasonable, and balanced set of proposed rates and fees for the District that, to the extent possible, meets these key objectives.

## **Overview of the Rate Study Process**

The scope of this study included the development of cost-based water user charges through a comprehensive cost of service and rate design analysis. Utility rates must be set at a level where a utility's operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level may lead to insufficient funds being available to appropriately maintain the system. A comprehensive rate study typically consists of following three interrelated analyses (Figure 1-1 provides an overview of these processes).

- Financial Planning/Revenue Requirement Analysis: Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, and retirement of outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and District fiscal policies.
- Cost of Service Analysis: Identifies and apportions annual revenue requirements to the different customer classes based on their demand on each utility system.
- Rate Design: Develops a fixed/variable schedule of rates for each customer class to proportionately recover the costs attributable to them. This is also, where other policy objectives can be achieved, such as discouraging wasteful water use. The policy objectives are balanced with the cost of service objectives to maintain the delicate balance between customer equity, financial stability and resource conservation goals.

Figure 1-1: Comprehensive Rate Study Interrelated Analysis



## Organization of the Report

This report is organized to provide an overview of utility rate setting principles, then a separate detailed review of the rate design process. The following sections comprise the water rate study report:

- Rate Setting Principles
- Water Rate Analysis

# Rate Setting Principles

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The primary objective of conducting a comprehensive rate study is to determine the adequacy of the existing rates (pricing and structure) and provide the basis for any necessary adjustments to meet the District's operating and capital needs as well as policy objectives, such as water conservation. The District desires rate structures that fully fund operations, maintenance, and present and future capital costs (plant expansions, distribution systems, and collection system rehabilitation, enhancements, or expansion). Furthermore, the District desired to maintain or possibly enhance its current conservation-based rate structure. A tiered rate structure encourages conservation by allocating each customer a consumption allotment based on average usage for which they are charged a base rate per hundred cubic foot (ccf). If an account's consumption exceeds its allotment, then the customer is charged an increased rate (block 2) per ccf for the consumption that falls above the allotment.

## Established Principles & Guidelines

Over the past years, many generally accepted principles or guidelines have been established to assist in developing utility rates. The purpose of this section of the report is to provide a general background of the methodology and guidelines used for setting cost based utility rates. This will provide the reader with a higher-level understanding of the general process detailed later in this report.

As a practical matter, there should be a general set of principles to develop rates. The American Water Works Association (AWWA) establishes these principles in the M1 Manual – *Principles of Water Rates, Fees and Charges*. These guiding principles help to ensure there is a consistent global approach that is employed by all utilities in the development of their rates (water and water-related utilities including sewer and reclaimed water).

Below is a summary listing the established guidelines, which public utilities should consider when setting their rates. These closely reflect the District's specified objectives.

- Rates should be cost-based and equitable, and set at a level such that they provide revenue sufficiency.
- Rates and process of allocating costs should conform to generally accepted rate setting techniques.
- Rates should provide reliable, stable and adequate revenue to meets the utility's financial, operation, and regulatory requirements.
- Rate levels should be stable from year to year (limit "rate shocks").
- Rates should be easy to understand and administer.

These guidelines, along with the District's objectives, have been utilized within this study to help develop utility rates that are cost-based and equitable.

## Revenue Requirements

The method used by most public utilities to establish their revenue requirements is called the “cash basis” approach of setting rates. As the name implies, a public utility combines its cash expenditures over a period of time to determine their required revenues from user rates and other forms of income. The figure below presents the “cash basis” methodology.

Figure 2-1: Overview of the “Cash Basis” Design

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+ Operation and Maintenance Expenses
+ Taxes/Transfers
+ Capital Additions Financed with Rate Revenue
+ Debt Service (Principal and Interest)
= Total Revenue Requirements

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To ensure existing ratepayers are not paying for growth-related capital projects, Willdan reviewed existing, approved/pending, and proposed Capital Improvement Projects (CIPs) with District staff to allocate projects between new (growth) and existing customers (operations and maintenance or “O&M”). Additionally, capital replacement expense is sometimes included to stabilize annual required revenue requirements by spreading the replacement costs of a depreciated asset over the expected life of the asset or through the term of bond issue, when municipal bond financing is used.

Based on the revenue requirement analysis, the utility can determine the overall level of rate adjustment needed in order for the utility to meet its overall expenditure needs.

## Financial Planning

In the development of the revenue requirements, many assumptions are utilized to project future expenditures, customer and consumption growth, and necessary revenue adjustments. The District’s budget documents are used as the initial starting point; however, assumptions play a necessary role in projecting future required revenue.

Conservative growth assumptions and prudent financial planning are fundamental to ensuring adequate rate revenue to promote financial stability. The financial model developed appropriately considers the District’s existing debt service coverage ratios and operating reserve balances. In addition, as part of the financial planning, municipal bond financing is incorporated into the model to fund repair and replacement cost of depreciated infrastructure and assets. This enables the District to mitigate future rate increases as money for repair and replacement is amortized over a bond term of 20 to 30 years. As debt is redeemed, new bond issues may be utilized to fund additional capital improvements required due to the aging infrastructure.

## Rate Design

The final element, the rate design process, applies the results from the revenue requirements to develop rates that achieve the general guidelines and objectives of the District. These objectives may include consideration of cost-based rates, but may also consider items such as ability to pay, continuity of past rate philosophy, conservation, encouragement of economic development, ease of administration, and legal requirements. While cost-based rates are an important objective, all objectives should be balanced appropriately.

While the general description of the utility rate setting process discussed in this section of the report is simplified and condensed, it does address the underlying fundamentals. One of the key principles for a comprehensive rate study is found in economic theory, which suggests the price of a commodity must roughly equal its cost or value if equity among customers is to be maintained – i.e. cost-based. For example, capacity-related costs are usually incurred by a water utility to meet peak use requirements. Consequently, the customers causing peak demands should properly pay for the demand-related facilities in proportion to their contribution to maximum demands. Through refinement of costing and pricing techniques, consumers of a product are given a more accurate price point of what the commodity costs to produce and deliver.

The above fundamentals have considerable foundation in economic literature. They also serve as primary guidelines for Proposition 218 compliance and rate design by most utility regulators and administrative agencies. This “price-equals-cost” theory provides the basis for much of the subsequent analysis and comment. This theory is particularly important as the proposed rate structure has been modified to encourage conservation while maintaining this economic principle.

## Rate Setting Principles Summary

This section of the report provides a brief introduction to the general principles, techniques, and economic theory used to set utility rates. These principles, techniques, and economic theory were the starting point for this rate study and the groundwork used to meet the District’s key objectives in analyzing and adjusting their utility rates. When setting utility rates in California we are required to follow the principles of Proposition 218. Below is a brief discussion of Prop 218.

In *Bighorn-Desert View Water Agency v. Verjil*, the California Supreme Court held water agency’s rates were subject to repeal by initiative pursuant to Section 3 of Article XIIC of the California Constitution. Because of the Bighorn decision, water rates in California are now considered property-related fees, therefore the substantive and procedural requirements of California Constitution Articles XIIC and XIID (Proposition 218) apply to water rate setting. Section 6 of Article XIID states:

*The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.*

This utility rate study was performed to allocate the costs of providing service to users in order to ensure that rates are equitable and not unduly discriminatory, thereby satisfying the Proposition 218 requirements. The total cost of serving each customer class is determined by distributing each of the utility cost components among the user classes based upon the respective service requirements of each customer

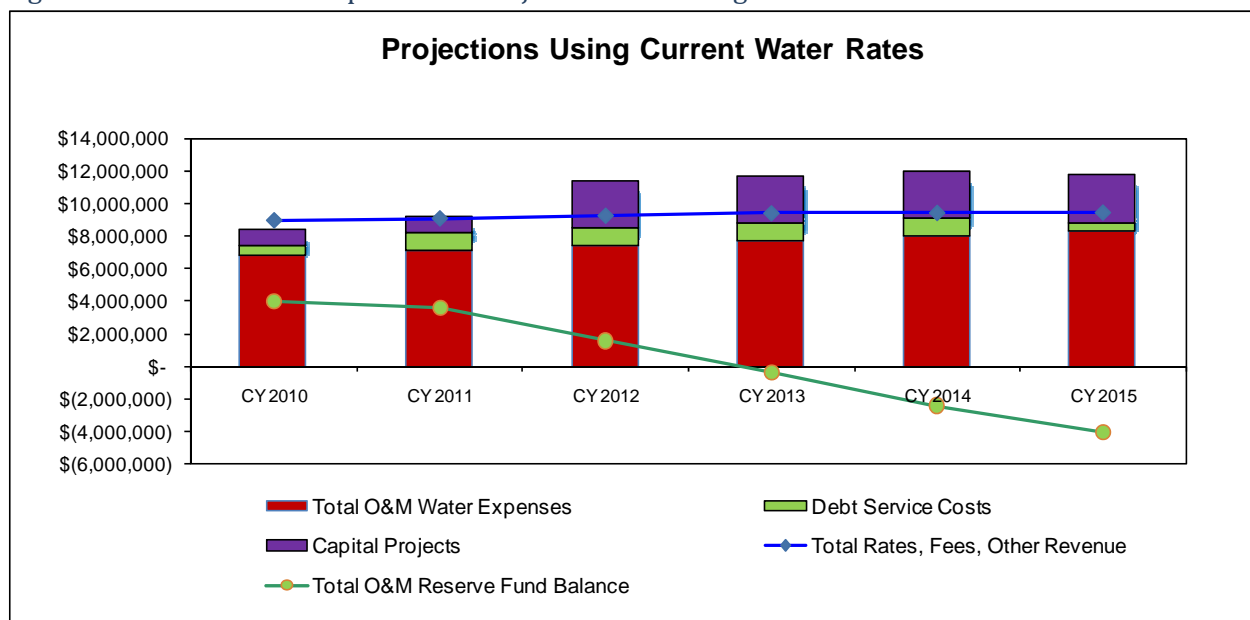
class. Therefore, a true cost of service rate study enables a water utility to adopt rates based on the true costs to each user class. The purposes of this water utility cost of service study include:

- ♦ Proportional allocation of the costs of service to users.
- ♦ Derivation of unit costs to support the development of water rates.

## Water Rate Analysis

The District is facing several challenges to continuing its high-quality operations. Utility revenues are not keeping pace with increasing operational and capital costs. In addition, customer account growth has slowed to a 2.5% rate and utility infrastructure is aging and must be replaced or repaired soon. Considering the above variables, Figure 3-1 projects the adequacy of existing rate revenue to support ongoing operations and maintenance.

Figure 3-1: Revenue and Expenditure Projections – Existing Rates



As the above figure indicates, revenue increases are necessary to operate and maintain the water system. This will be evident as details of the process, data, and methodology utilized in the rate study are presented in this section of the report. Summary figures, outlining much of the analysis are included in this section of the report as well.

## Customer Statistics

During the calendar Year 2009, the District provided water service to an estimated 15,000 customers, distributing roughly 5.27 million hundred cubic feet (~13,700 acre feet) of potable water. Figure 3-2 shows the District's projected water usage and number of accounts by customer class.

Figure 3-2: Accounts and Consumption

Description	Projected Water Consumption (ccf)					
	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Domestic	3,524,727	3,612,846	3,703,167	3,795,746	3,890,640	3,987,906
Multiple Family	157,141	161,069	165,096	169,223	173,454	177,790
Commercial/Fire Service	424,669	435,285	446,168	457,322	468,755	480,474
Multiple Commercial	39,268	40,249	41,256	42,287	43,344	44,428
Landscape	980,886	1,005,408	1,030,543	1,056,307	1,082,715	1,109,783
Agriculture	54,957	56,331	57,740	59,183	60,663	62,179
Construction Water	90,506	92,769	95,088	97,466	99,902	102,400
Total Water Utility Consumption	5,272,155	5,403,959	5,539,057	5,677,534	5,819,472	5,964,959
Description	Percent of Total					
	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Domestic	66.9%	66.9%	66.9%	66.9%	66.9%	66.9%
Multiple Family	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Commercial/Fire Service	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Multiple Commercial	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Landscape	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%
Agriculture	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Construction Water	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Total Water Utility Consumption	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Sources: Beaumont-Cherry Valley Water District.

A projection of customers, usage, and production requirements is necessary in the evaluation of the revenue requirements. This projection is critical for the determination of revenues from rates, escalation of production-related costs, and design of the rates.

Given the current economic climate and review of potential growth, Willdan in conjunction with District staff determined to use a conservative growth rate equal to 2.5%.

## Revenue Requirements Analysis

### Revenue from Existing Rates

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates. The District expects to receive approximately \$6.1 million in water sales in Calendar Year 2010. By 2020, assuming the growth discussed above, water sales are projected to increase roughly 25% to \$7.6 million. In addition to water sales, the District has a projected average of non-operating revenues approximately equal to two hundred thousand dollars, consisting of interest income.

## Projections of Operation and Maintenance Expenses

To project Operating and Maintenance (O&M) expenses over the five-year planning horizon, two escalation factors were developed. The operations cost escalator, set at 4.00%, is applied to basic expenditures that the District incurs: labor, benefits, materials, utilities, etc. The Personnel cost escalator is set at 4.0%. In order for the District to maintain a stable Operating Reserve, Emergency Reserve, Rate Stabilization Reserve and Capital Recovery Reserve: Per the District's recommendation, the District should, depending upon the current year circumstances, have at least a one-year reserve of spendable resources equal to that year's total operating expenses including depreciation. If total operating expenses plus depreciation expense equals \$10.0 million, then the spendable net assets reserve should be \$10.0 million.

## Debt Service

The District does not currently have long-term debt. Figure 3-3 illustrates the amount of projected debt service for both the current capital projects and the major capital improvements. The District plans on paying for the current capital projects in the amount of five million by financing them via a five-year loan with a rate of 3.38%. The District plans on paying for major capital improvements in Figure 3-4 by issuing a bond at 5.50% interest, which would have annual payments of approximately \$1,929,000 for thirty years. Figure 3-3 provides a summary of the District's water related projected debt service.

Figure 3-3: Projected Debt Service

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
<u>Debt Service</u>						
Proposed Loan Payment (Current CIP)	554,969	1,090,256	1,097,977	1,094,430	1,094,870	544,042
Proposed Bond Issue (Major CIP)	-	-	1,929,000	1,929,000	1,929,000	1,929,000
Total Debt Service	\$ 554,969	\$ 1,090,256	\$ 3,026,977	\$ 3,023,430	\$ 3,023,870	\$ 2,473,042

Sources: Beaumont-Cherry Valley Water District, Willdan Financial Services.



## Capital Improvement Projects

The District's Capital Improvement Program (CIP) needs for the water utility are summarized in Figure 3-4. Individually, each project was identified by District staff as growth-related, existing needs (O&M) or a percentage of both to determine the appropriate funding mechanism (bi-monthly rates or connection fee). The capital projects are required to meet the utilities projected growth and to maintain the existing quality of the system.

Figure 3-4: Water Capital Projects

% Allocated to Existing Customers			Projected					Current 2010 -15
			2011	2012	2013	2014	2015	
Project Name/Description			Funding Source					
<b><u>Production/Conservation</u></b>								
100%	Beaumont Basin New Water Well	Water Rates	3,375,000					3,375,000
100%	Singleton Basin New Well	Water Rates	1,802,000					1,802,000
100%	Bonita Vista/Cherry Valley Water Company Well Rehabilitation and Pipeline	Water Rates						-
100%	RR1 Well Rehabilitation and Pipeline	Water Rates						-
100%	Pollution Control Project	Water Rates						-
100%	San Timoteo Non-potable Wells and Pipeline to Recycled Water System	Water Rates						-
100%	Completion of the Stormwater Capture Project incl Phase 3 of the Recharge Facility	Water Rates	10,757,000					10,757,000
100%	Sundance Stormwater Recovery Project	Water Rates						-
100%	Noble Creek Rubber Dam Project	Water Rates	1,620,000					1,620,000
100%	Secondary Recycled Water Connection	Water Rates	7,620,000					7,620,000
100%	Highland Springs Reservoir Painting and Rehabilitation	Depreciation		177,000				177,000
100%	Distribution and Transmission Pipeline Replacement	Depreciation					3,277,000	3,277,000
100%	GIS and GPS Equipment Upgrades	Depreciation		47,000				47,000
<b>Total Cost in CY 2010 Dollars (CIP funded by Water Rates).</b>			\$ 25,174,000	\$ -	\$ -	\$ -	\$ -	\$ 25,174,000
<b>Total Cost in CY 2010 Dollars (R&amp;R Projects Funded by depreciation)</b>				\$ 224,000	\$ -	\$ -	\$ 3,277,000	<b>3,501,000</b>
<b>Total Construction cost estimates escalated annually by PPI (CIP funded by Water Rates).</b>			\$ 27,338,135		\$ -	\$ -		<b>27,338,135</b>
<b>Total Construction cost estimates escalated annually by PPI (R&amp;R Projects Funded by depreciation)</b>			\$ -	\$ 253,497	\$ -	\$ -	\$ 4,196,879	<b>\$ 4,450,376</b>

**Notes:**

Construction cost estimates were escalated annually by a factor of 4.21% based on the average annual increase between 2004 and 2009 in Engineering News Record Construction Cost Index.

Sources: Beaumont-Cherry Valley Water District; Engineering News Record's Construction Cost Index; Willdan Financial Services.

## Summary of Revenue Requirements Analysis

The above components comprise the foundation of the revenue requirement analysis. During the discussions with the District, District staff made recommendations to assure the accuracy of financial and growth variables used in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the study period.

The revenue requirements analysis figure, presented below, provides a basis for evaluating the timing and level of water revenue increases required to meet the projected required revenue for the study period. The percentages shown at the bottom of the figure show the recommended revenue adjustments.

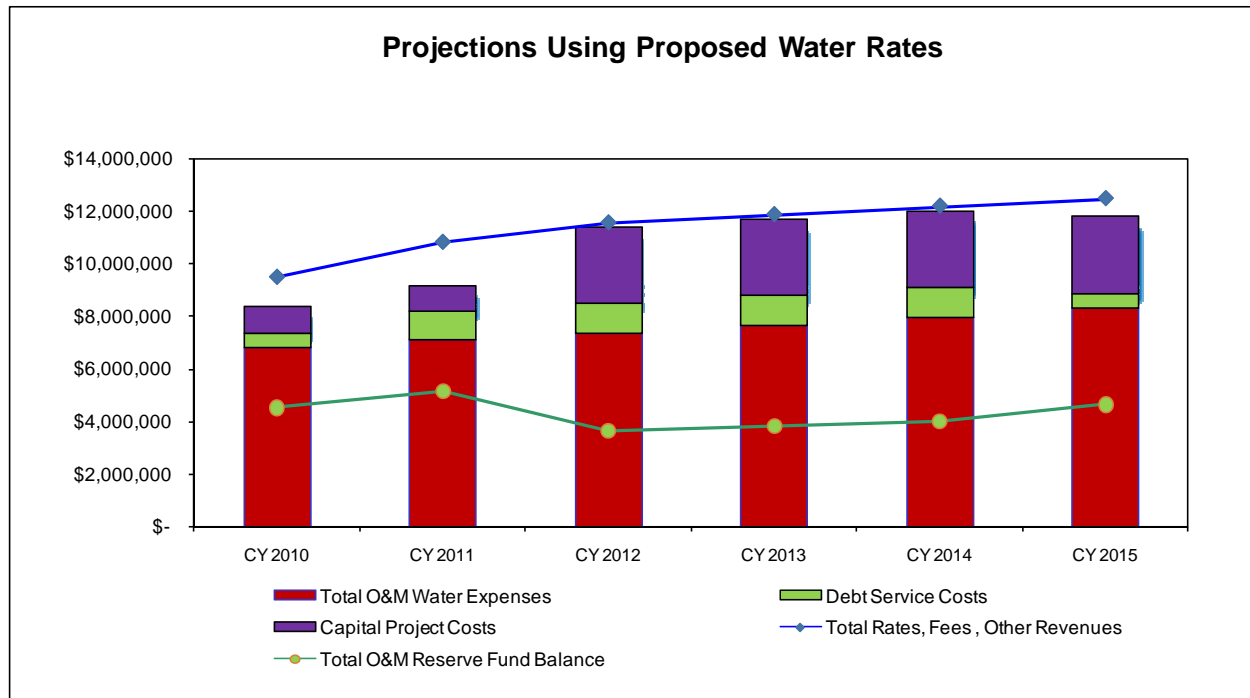
Figure 3-5: Revenue Requirements

Description				CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
<b>Operating Revenue</b>									
1	Water Sales			\$ 6,092,979	\$ 6,245,303	\$ 6,401,436	\$ 6,561,472	\$ 6,725,509	\$ 6,893,646
2	Service Connections			2,635,501	2,701,389	2,768,923	2,838,146	2,909,100	2,981,827
3	Reimbursements (Development & Inspection)			60,000	61,500	63,038	64,613	66,229	67,884
4	Other			148,200	151,905	155,703	159,595	163,585	167,675
5	Total Operating Revenue			\$ 8,936,680	\$ 9,160,097	\$ 9,389,099	\$ 9,623,827	\$ 9,864,423	\$ 10,111,033
<b>Additional Revenue Required</b>									
7	Year	Revenue Increase	Months Effective						
8	CY 2010	15.00%	6	456,973	936,796	960,215	984,221	1,008,826	1,034,047
9	CY 2011	7.00%	12		502,747	515,316	528,198	541,403	554,939
10	CY 2012	6.00%	12	-	-	472,618	484,433	496,544	508,958
11	CY 2013	0.00%	12	-	-	-	-	-	-
12	CY 2014	0.00%	12	-	-	-	-	-	-
13	CY 2015	0.00%	12	-	-	-	-	-	-
14	CY 2016	0.00%	12	-	-	-	-	-	-
15	CY 2017	0.00%	12	-	-	-	-	-	-
16	CY 2018	0.00%	12	-	-	-	-	-	-
17	CY 2019	0.00%	12	-	-	-	-	-	-
18	Total Additional Operating Revenue			456,973	1,439,542	1,948,149	1,996,853	2,046,774	2,097,943
19	Total Required Revenue			\$ 9,393,653	\$ 10,599,639	\$ 11,337,248	\$ 11,620,680	\$ 11,911,197	\$ 12,208,977
<b>Applications of Operating Funds</b>									
<u>Operating Expenses</u>									
22	Source of Supply			\$ 3,071,820	\$ 3,194,693	\$ 3,322,481	\$ 3,455,380	\$ 3,593,595	\$ 3,737,339
23	Transmission & Distribution			938,700	976,248	1,015,298	1,055,910	1,098,146	1,142,072
24	Customer Service & Meter Reading			183,400	190,736	198,365	206,300	214,552	223,134
25	General Administration			1,818,300	1,891,032	1,966,673	2,045,340	2,127,154	2,212,240
26	Maintenance & General Plant			393,400	409,136	425,501	442,521	460,222	478,631
27	Engineering (In-House)			112,012	116,492	121,152	125,998	131,038	136,280
28	Professional Services			290,000	301,600	313,664	326,211	339,259	352,829
29	Total Operating Expenses			\$ 6,807,632	\$ 7,079,937	\$ 7,363,135	\$ 7,657,660	\$ 7,963,967	\$ 8,282,525
30	Net Operating Income (Loss)			\$ 2,586,021	\$ 3,519,702	\$ 3,974,114	\$ 3,963,020	\$ 3,947,230	\$ 3,926,451
<u>Debt Service</u>									
32	Proposed Loan Payment (Current CIP)			554,969	1,090,256	1,097,977	1,094,430	1,094,870	544,042
33	Proposed Bond Issue (Major CIP)			-	-	1,929,000	1,929,000	1,929,000	1,929,000
34	Total Debt Service			\$ 554,969	\$ 1,090,256	\$ 3,026,977	\$ 3,023,430	\$ 3,023,870	\$ 2,473,042
35	Coverage Ratio			4.84	3.43	1.38	1.39	1.39	1.69
<b>Non-Operating Revenue (Expenses)</b>									
37	Miscellaneous expense			\$ (8,182)	\$ (8,182)	\$ (8,182)	\$ (8,182)	\$ (8,182)	\$ (8,182)
38	Investment income			98,891	216,139	215,075	240,805	271,063	260,841
39	Total Non-Operating Revenue (Expenses)			\$ 90,709	\$ 207,957	\$ 206,893	\$ 232,623	\$ 262,881	\$ 252,659
<b>Capital Project Expenses</b>									
41	CIP Program			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	Repair & Replacement Reserve (Depreciation)			1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
43	Rate Funded Capital Projects			\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
44	Net Income (Loss)			\$ 1,121,761	\$ 1,637,404	\$ 154,031	\$ 172,213	\$ 186,241	\$ 706,069
45	Operating Reserve Fund Balance Met?			-	-	-	-	-	-
<b>Fund Information</b>									
<u>Operating &amp; Maintenance Fund</u>									
49	Beginning Operating Fund Balance			\$ 3,386,403	\$ 3,491,476	\$ 3,491,476	\$ 3,631,135	\$ 3,803,348	\$ 3,927,436
50	Deposit (Withdrawals)			1,121,761	1,637,404	154,031	172,213	186,241	706,069
51	Subtotal O&M Fund Balance			\$ 4,508,163	\$ 5,128,880	\$ 3,645,507	\$ 3,803,348	\$ 3,989,589	\$ 4,633,504
52	Fund Balance Days of O&M			180	180	180	180	180	180
53	Recommended Reserve Balance			3,357,188	3,491,476	3,631,135	3,776,380	3,927,436	4,084,533
54	Excess O&M			1,016,688	1,637,404	14,372	-	62,153	548,971
55	Total O&M Fund Balance			\$ 3,491,476	\$ 3,491,476	\$ 3,631,135	\$ 3,803,348	\$ 3,927,436	\$ 4,084,533
<u>Repair and Replacement Reserve Fund</u>									
57	Beginning Operating Fund Balance			\$ -	\$ 2,016,688	\$ 4,654,091	\$ 5,414,966	\$ 6,414,966	\$ 7,477,119
58	Deposit			1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
59	Withdrawals for R&R Projects			-	-	(253,497)	-	-	(4,196,879)
60	Excess O&M			1,016,688	1,637,404	14,372	-	62,153	548,971
61	Total R&R Fund Balance			\$ 2,016,688	\$ 4,654,091	\$ 5,414,966	\$ 6,414,966	\$ 7,477,119	\$ 4,829,212

Sources: Beaumont-Cherry Valley Water District, Willdan Financial Services.

Based upon the revenue requirement analysis, the District will need to adjust the rates to increase revenue by 15% for the remaining six months of calendar year 2010, followed by a 7% increase in revenues in calendar year 2011, followed by a 6% revenue increase in calendar year 2012. This approach will result in a 30% revenue increase over the next five years. Figure 3-6 expands upon the earlier figure (Figure 3-1), to illustrate the positive impact of the revenue increase on the utility's financial condition.

Figure 3-6: Revenue and Expenditure Projections – Proposed Rates



## Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class.

## Cost Allocation by Function

The cost of service allocation conducted in this study is established on the base-extra capacity method endorsed by the AWWA. Under the base-extra capacity method, revenue requirements are allocated to the different user classes proportionate to their use on the water system. Allocations are based on average day (base) usage, maximum day (peak) usage, meters and services, billing and collection, and fire protection. Use of this methodology results in an AWWA-accepted cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

Figure 3-7 classifies the major functions of the water system and allocates those related costs to the demand factors average day (base), maximum day (peak) usage, meters and services, and customer accounts.

Figure 3-7: Classification of Water Expenses by Function

	<u>Extra Capacity</u>			<u>Customer Costs</u>			
<u>Description</u>	<u>Total Revenue Requirement</u>	<u>Base</u>	<u>Max Day</u>	<u>Customer Billing</u>	<u>Meters &amp; Services</u>	<u>Basis of Classification</u>	
<b>SOURCE OF SUPPLY</b>							
Labor and Admin Source of Supply	\$ 961,809	\$ 961,809	\$ -	\$ -	\$ -	100% Base	
Water and Utility Cost - Source of Supply	\$ 144	\$ 96	\$ 48	\$ -	\$ -	Avg/Max Day	
Total Source of Supply	\$ 961,953	\$ 961,905	\$ 48	\$ -	\$ -		
<b>MAINTENANCE &amp; GENERAL PLANT</b>							
Maintenance & General Plant	\$ 472,320	\$ 472,320	\$ -	\$ -	\$ -	100% Base	
Total Maintenance & General Plant	\$ 472,320	\$ 472,320	\$ -	\$ -	\$ -		
<b>TRANSMISSION &amp; DISTRIBUTION</b>							
Transmission & Distribution	\$ 1,127,013	\$ 375,671	\$ 375,671	-	375,671	33% Base/Max/Meters	
Total Transmission & Distribution	\$ 1,127,013	\$ 375,671	\$ 375,671	\$ -	\$ 375,671		
<b>CUSTOMER COSTS</b>							
Customer Service & Meter Reading	\$ 220,192	\$ -	\$ -	\$ 110,096	\$ 110,096	50% fixed	
Total Customer Costs	\$ 220,192	\$ -	\$ -	\$ 110,096	\$ 110,096		
Total O & M (\$)	\$ 2,781,479	\$ 1,809,897	\$ 375,719	\$ 110,096	\$ 485,767		
Total O & M (%)	100.00%	65.07%	13.51%	3.96%	17.46%		
<b>GENERAL &amp; ADMINISTRATIVE</b>							
General Administration	\$ 2,183,070	\$ 545,768	\$ 545,768	\$ 545,768	\$ 545,768	25% across	
Engineering (In-House)	134,483	33,621	33,621	33,621	33,621	25% across	
Professional Services	348,177	87,044	87,044	87,044	87,044	25% across	
Total General and Administrative	\$ 2,665,730	\$ 666,433	\$ 666,433	\$ 666,433	\$ 666,433		
<b>REVENUE-FUNDED CAPITAL PROGRAMS</b>							
Rate Funded Capital Projects	\$ 2,943,000	\$ 981,000	\$ 981,000	\$ -	\$ 981,000	33% Base/Max/Meters	
Total Capital Project Costs	\$ 2,943,000	\$ 981,000	\$ 981,000	\$ -	\$ 981,000		
<b>DEBT SERVICE</b>							
Loan Payment	547,654	\$ 136,914	\$ 136,914	136,914	136,914	25% across	
Total Debt Service	\$ 547,654	\$ 136,914	\$ 136,914	\$ 136,914	\$ 136,914		
<b>TOTAL FUNCTIONALIZED COSTS</b>	<b>\$ 8,937,863</b>	<b>\$ 3,594,243</b>	<b>\$ 2,160,065</b>	<b>\$ 913,442</b>	<b>\$ 2,270,113</b>		
<b>FUNCTIONALIZATION FACTOR</b>	<b>100.00%</b>	<b>40.21%</b>	<b>24.17%</b>	<b>10.22%</b>	<b>25.40%</b>		

Sources: Beaumont-Cherry Valley Water District

The resulting functionalization factors that appear at the bottom of Figure 3-7 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system.

## Rate Design Balance

There is some flexibility in the design of the rate structure to meet the District's rate setting objectives while being consistent with cost of service principles and conservation objectives. There are positives and negatives associated with the decrease in fixed revenue. Typically, a larger percentage of fixed rate revenue results in greater revenue stability since a greater percentage of total revenues are not influenced by fluctuations in consumption due to the weather, household density, and abusive water use. At the same time, the decrease in fixed revenue will improve equitability concerning cost recovery and the impact of

conservation measures while reducing revenue stability, as users have greater control over their consumption and ultimately their bill. The fixed portion of the proposed water rates generates an estimated 35% of total rate revenue.

## **Rate Design Analysis**

The final step of the rate study is the design of the water rates to collect the desired level of revenue determined in the revenue requirement analysis, while encouraging the efficient use of water. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the proposed water rate design for the District. The District requested Willdan develop two rate structures one of which incorporates the costs of State Project Water Costs and SCE Power costs into the consumption rate. The second rate structure resembles the District's current rate structure which includes a separate SCE Power Charge and State Project Water Cost Charge.

## **Criteria and Considerations**

In determining the appropriate rate level and structure, Willdan, in conjunction with District staff, analyzed various generated financial scenarios concerning the proposed adjustments and the implications attributed to those decisions.

A simplified list of some of the design considerations that were reviewed is listed:

- Consideration of the customer's ability to pay
- Clear and understandable rates
- Easily administered
- Conservation measures
- Revenue stability (month to month and year to year)
- Efficient allocation of resources
- Capital Improvement Financing (improving the existing system)
- Fair and equitable (cost-based) rates

Every consideration has merit and plays an important role in a comprehensive rate study. When developing the District's proposed rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another, i.e. the customers ability to pay and cost-based. In designing rates, there will always be a balance between the various objectives; however, we attempt to ensure the proposed rates meet all of the leading objectives of the District.

## Overview of Existing Rate Structure

The District has a fixed meter charge, an uniform consumption rate structure, a separate SCE Power Charge, a State Project Water Costs Charge and Private Fire Service Standby Charges. The District's existing water rate structure, shown in Figure 3-8 currently employs a uniform rate structure as outlined in Figure 3-8. Figure 3-9 details the SCE Power Charge and State Project Water Costs Charge. All customer classes are charged a fixed bi-monthly fee based on meter size as shown in Figure 3-10. Figure 3-11 details the District's current private fire service charges.

Figure 3-8: Existing Rate Structure for all Customer Classes

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<b>Description (Customer Class)</b>	<b>Current Rates</b>
Domestic Rate	.84 per ccf
Scheduled Irrigation Rate	.47 per ccf
Multiple Family Rate	.84 per ccf
Commercial Rate	.84 per ccf
Multiple Commercial Rate	.84 per ccf
Outside Service Rate	1.68 per ccf
Construction Water Rate	1.61 per ccf

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Sources: Beaumont-Cherry Valley Water District.

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Figure 3-9: Existing SCE Power Charge and State Project Water Costs Charge

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**SCE Power Charge** - Not to exceed \$0.25 per ccf.

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**State Project Water Cost Charge** - Not to exceed \$0.24 per ccf.

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Sources: Beaumont-Cherry Valley Water District.

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Figure 3-10: Existing Bi-Monthly Fixed Meter Charge

<b>Description (Meter Size)</b>	<b>Current Rates</b>
5/8"	\$ 12.00
3/4"	17.25
1"	28.00
1-1/2"	54.00
2"	85.00
3"	158.00
4"	262.00
6"	5,522.00
8"	834.00
10"	1,198.00
12"	2,238.00

Sources: Beaumont-Cherry Valley Water District.

Figure 3-11: Existing Private Fire Service Charges

<b>Description (Meter Size)</b>	<b>Current Rates</b>
4"	\$ 56.00
6"	162.00
8"	345.00
10"	619.00
12"	1,000.00

Sources: Beaumont-Cherry Valley Water District.

## Proposed Rate Adjustments

### Conservation

In addition to a cost-based approach, a secondary objective of the District is to encourage water conservation through design and implementation of the new rate and structure. Beyond the revenue adjustments established in the required revenue analysis and the allocation of cost determined in the cost of service analysis, Willdan and the District discussed changes to the rate structure (tiers) and consumption levels of the blocks (tiers). The proposed consumption blocks, tiers, enable the District to encourage conservation, while reducing the burden on those already conserving. By matching the consumption blocks to consumption levels, The District should be able to achieve their conservation goals.

Figure 3-12 and Figure 3-13, below, outlines the proposed changes to the existing water rate structure, which includes State Project Water Costs. Figure 3-14, Figure 3-15, and Figure 3-16, below, outlines the proposed changes to the existing water rate structure in which the State Project Water Costs and SCE

Power Costs will be recovered through direct surcharges. The policy of the District is to charge customers outside District boundaries an amount that is twice the rate stated in the figures below.

Figure 3-12: Domestic Tier Changes (State Project Water Costs & Power Costs Included)

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Allocated Share of Total Base Water Costs	\$ 2,913,768	\$ 3,287,847	\$ 3,516,642	\$ 3,604,558	\$ 3,694,672	\$ 3,787,039
Total Base Consumption (ccf)	<u>2,349,818</u>	<u>2,408,564</u>	<u>2,468,778</u>	<u>2,530,497</u>	<u>2,593,760</u>	<u>2,658,604</u>
<b>Rate per ccf</b>	<b>\$ 1.24</b>	<b>\$ 1.37</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>
Allocated Share of Peaking Costs	\$ 1,513,545	\$ 1,707,858	\$ 1,826,705	\$ 1,872,373	\$ 1,919,182	\$ 1,967,161
Total Consumption (ccf)	<u>1,174,909</u>	<u>1,204,282</u>	<u>1,234,389</u>	<u>1,265,249</u>	<u>1,296,880</u>	<u>1,329,302</u>
<b>Cost per ccf</b>	<b>\$ 1.29</b>	<b>\$ 1.42</b>	<b>\$ 1.48</b>	<b>\$ 1.48</b>	<b>\$ 1.48</b>	<b>\$ 1.48</b>
<b>Block 1 Rate per ccf (0-44 ccf)</b>	<b>\$ 1.24</b>	<b>\$ 1.37</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>
<b>Block 2 Rate per ccf (45+ ccf)</b>	<b>\$ 1.29</b>	<b>\$ 1.42</b>	<b>\$ 1.48</b>	<b>\$ 1.48</b>	<b>\$ 1.48</b>	<b>\$ 1.48</b>

Sources: Beaumont-Cherry Valley Water District.

Figure 3-13: Multi-Family Residential Tier Changes (State Project Water Costs & Power Costs Included)

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Allocated Share of Total Base Water Costs	\$ 129,903	\$ 146,580	\$ 156,780	\$ 160,700	\$ 164,717	\$ 168,835
Total Consumption (ccf)	<u>\$ 104,760</u>	<u>\$ 107,379</u>	<u>\$ 110,064</u>	<u>\$ 112,816</u>	<u>\$ 115,636</u>	<u>\$ 118,527</u>
<b>Rate per ccf</b>	<b>\$ 1.24</b>	<b>\$ 1.37</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>
Allocated Share of Peaking Costs	\$ 62,796	\$ 70,858	\$ 75,789	\$ 77,683	\$ 79,626	\$ 81,616
Total Consumption (ccf)	<u>52,380</u>	<u>53,690</u>	<u>55,032</u>	<u>56,408</u>	<u>57,818</u>	<u>59,263</u>
<b>Cost per ccf</b>	<b>\$ 1.20</b>	<b>\$ 1.32</b>	<b>\$ 1.38</b>	<b>\$ 1.38</b>	<b>\$ 1.38</b>	<b>\$ 1.38</b>
<b>Block 1 Rate per ccf (0-35 ccf per unit)</b>	<b>\$ 1.24</b>	<b>\$ 1.37</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>	<b>\$ 1.42</b>
<b>Block 2 Rate per ccf (36+ ccf per unit)</b>	<b>\$ 1.20</b>	<b>\$ 1.32</b>	<b>\$ 1.38</b>	<b>\$ 1.38</b>	<b>\$ 1.38</b>	<b>\$ 1.38</b>

Sources: Beaumont-Cherry Valley Water District.

Figure 3-14: Domestic Tier Changes (State Project Water Costs & Power Costs Not Included)

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Allocated Share of Total Base Water Costs	\$ 1,871,989	\$ 2,179,882	\$ 2,361,443	\$ 2,420,479	\$ 2,480,991	\$ 2,543,015
Total Base Consumption (ccf)	<u>2,349,818</u>	<u>2,408,564</u>	<u>2,468,778</u>	<u>2,530,497</u>	<u>2,593,760</u>	<u>2,658,604</u>
<b>Rate per ccf</b>	<b>\$ 0.80</b>	<b>\$ 0.91</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>
Allocated Share of Peaking Costs	\$ 1,030,549	\$ 1,200,047	\$ 1,299,998	\$ 1,332,498	\$ 1,365,810	\$ 1,399,955
Total Consumption (ccf)	<u>1,174,909</u>	<u>1,204,282</u>	<u>1,234,389</u>	<u>1,265,249</u>	<u>1,296,880</u>	<u>1,329,302</u>
<b>Cost per ccf</b>	<b>\$ 0.88</b>	<b>\$ 1.00</b>	<b>\$ 1.05</b>	<b>\$ 1.05</b>	<b>\$ 1.05</b>	<b>\$ 1.05</b>
<b>Block 1 Rate per ccf (0-44 ccf)</b>	<b>\$ 0.80</b>	<b>\$ 0.91</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>
<b>Block 2 Rate per ccf (45+ ccf)</b>	<b>\$ 0.88</b>	<b>\$ 1.00</b>	<b>\$ 1.05</b>	<b>\$ 1.05</b>	<b>\$ 1.05</b>	<b>\$ 1.05</b>

Sources: Beaumont-Cherry Valley Water District.



Figure 3-15: Multi-Family Residential Bi-Monthly Tier Changes (State Project Water Costs & Power Costs Not Included)

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Allocated Share of Total Base Water Costs	\$ 83,458	\$ 97,184	\$ 105,279	\$ 107,911	\$ 110,608	\$ 113,374
Total Consumption (ccf)	104,760	107,379	110,064	112,816	115,636	118,527
<b>Rate per ccf</b>	<b>\$ 0.80</b>	<b>\$ 0.91</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>
Allocated Share of Peaking Costs	\$ 42,757	\$ 49,789	\$ 53,936	\$ 55,284	\$ 56,667	\$ 58,083
Total Consumption (ccf)	52,380	53,690	55,032	56,408	57,818	59,263
<b>Cost per ccf</b>	<b>\$ 0.82</b>	<b>\$ 0.93</b>	<b>\$ 0.98</b>	<b>\$ 0.98</b>	<b>\$ 0.98</b>	<b>\$ 0.98</b>
<b>Block 1 Rate per ccf (0-35 ccf per unit)</b>	<b>\$ 0.80</b>	<b>\$ 0.91</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>	<b>\$ 0.96</b>
<b>Block 2 Rate per ccf (36+ ccf per unit)</b>	<b>\$ 0.82</b>	<b>\$ 0.93</b>	<b>\$ 0.98</b>	<b>\$ 0.98</b>	<b>\$ 0.98</b>	<b>\$ 0.98</b>

Sources: Beaumont-Cherry Valley Water District.

Figure 3-16: Proposed State Project Water and SCE Power Charges

	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
<u>PASS THROUGH SURCHARGES</u>						
Electric Power Costs	\$ 1,700,000	\$ 1,768,000	\$ 1,838,720	\$ 1,912,269	\$ 1,988,760	\$ 2,068,310
Total Water Utility Consumption	5,272,155	5,403,959	5,539,057	5,677,534	5,819,472	5,964,959
<b>SCE Power Charge per ccf</b>	<b>\$ 0.32</b>	<b>\$ 0.33</b>	<b>\$ 0.33</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.35</b>
State Project Water Costs	\$ 570,600	\$ 593,424	\$ 617,161	\$ 641,847	\$ 667,521	\$ 694,222
Total Water Utility Consumption (ccf)	5,272,155	5,403,959	5,539,057	5,677,534	5,819,472	5,964,959
<b>State Project Water Costs per ccf</b>	<b>\$ 0.11</b>	<b>\$ 0.11</b>	<b>\$ 0.11</b>	<b>\$ 0.11</b>	<b>\$ 0.11</b>	<b>\$ 0.12</b>

Sources: Beaumont-Cherry Valley Water District.

### Summary of Water Rate Study

Throughout the process of the water rate study, many renditions and scenarios were considered. Presented below is the culmination of numerous analyses and discussions. Figure 3-17 summarizes the proposed bi-monthly private fire service charges by meter size as designed in this study. Figures 3-18 and 3-19 recap the proposed bi-monthly fixed base charge rate for each rate structure and Figure 3-20 & Figure 3-21 summarizes the variable charges for each rate structure by customer class as designed in this study.

Figure 3-17: Bi-Monthly Private Fire Service Charges

	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Total Annual Fire Service Costs	\$ 95,000	\$ 98,800	\$ 102,752	\$ 106,862	\$ 111,137	\$ 115,582
Number of Equivalent Connections	14,244	14,244	14,244	14,244	14,244	14,244
Charge per equivalent	\$ 6.67	\$ 6.94	\$ 7.21	\$ 7.50	\$ 7.80	\$ 8.11
Bi-Monthly Charge per equivalent	\$ 1.11	\$ 1.16	\$ 1.20	\$ 1.25	\$ 1.30	\$ 1.35

Meter Size	Demand Factor <sup>1</sup>	Standby Fees - Minimum Bi-Monthly Charge				
1"	1.00	1.11	1.16	1.20	1.25	1.30
2"	6.19	6.88	7.16	7.44	7.74	8.05
4"	38.32	42.59	44.30	46.07	47.91	49.83
6"	111.31	123.73	128.68	133.82	139.18	144.74
8"	237.21	263.67	274.21	285.18	296.59	308.45
10"	426.58	474.16	493.13	512.85	533.37	554.70
12"	689.04	765.90	796.54	828.40	861.54	896.00

<sup>1</sup> Demand factors based on nominal size of connection raised to the 2.63 power. The demand factors are based on AWWA standards for allocating service costs to public and private fire accounts.

Sources: Beaumont-Cherry Valley Water District; Willdan Financial Services; American Water Works Association (AWWA)

Figure 3-18: Bi-Monthly Fixed Meter Charges (State Project Water Costs & Power Costs Included)

	Current Rates	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
<b><u>BI-MONTHLY METER CHARGE</u></b>							
Total Meter Related Costs	\$ 1,984,248	\$ 2,563,897	\$ 2,893,058	\$ 3,094,380	\$ 3,171,740	\$ 3,251,033	\$ 3,332,309
Number of Equivalent Meters	27,559	27,559	28,248	28,954	29,678	30,420	31,180
Bi-Monthly Meter Charge per 5/8" Meter	\$ 12.00	\$ 15.51	\$ 17.07	\$ 17.81	\$ 17.81	\$ 17.81	\$ 17.81

Meter Size	Equivalent Meter Factor	Bi-Monthly Meter Charge					
5/8"	1.00	12.00	15.51	17.07	17.81	17.81	17.81
3/4"	1.50	17.25	23.26	25.61	26.72	26.72	26.72
1"	2.50	28.00	38.77	42.68	44.53	44.53	44.53
1 1/2"	5.00	54.00	77.53	85.35	89.06	89.06	89.06
2"	8.00	85.00	124.05	136.56	142.50	142.50	142.50
3"	16.00	159.00	248.10	273.12	284.99	284.99	284.99
4"	25.00	262.00	387.65	426.75	445.30	445.30	445.30
6"	50.00	522.00	775.30	853.50	890.60	890.60	890.60
8"	80.00	834.00	1,240.48	1,365.60	1,424.96	1,424.96	1,424.96
10"	115.00	1,198.00	1,783.19	1,963.05	2,048.38	2,048.38	2,048.38
12"	155.00	2,238.00	2,403.43	2,645.85	2,760.86	2,760.86	2,760.86

Sources: Beaumont-Cherry Valley Water District.

Figure 3-19: Bi-Monthly Fixed Meter Charges (State Project Water Costs & Power Costs Not Included)

		Current Rates	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
<b><u>BI-MONTHLY METER CHARGE</u></b>								
Total Meter Related Costs		\$ 1,984,248	\$ 2,480,110	\$ 2,888,022	\$ 3,128,564	\$ 3,206,778	\$ 3,286,947	\$ 3,369,121
Number of Equivalent Meters		27,559	27,559	28,248	28,954	29,678	30,420	31,180
Bi-Monthly Meter Charge per 5/8" Meter		\$ 12.00	\$ 15.00	\$ 17.04	\$ 18.01	\$ 18.01	\$ 18.01	\$ 18.01
Meter Size	Equivalent Meter Factor	Bi-Monthly Meter Charge						
5/8"	1.00	12.00	15.00	17.04	18.01	18.01	18.01	18.01
3/4"	1.50	17.25	22.50	25.56	27.01	27.01	27.01	27.01
1"	2.50	28.00	37.50	42.60	45.02	45.02	45.02	45.02
1 1/2"	5.00	54.00	75.00	85.20	90.05	90.05	90.05	90.05
2"	8.00	85.00	119.99	136.32	144.07	144.07	144.07	144.07
3"	16.00	159.00	239.98	272.64	288.14	288.14	288.14	288.14
4"	25.00	262.00	374.98	426.00	450.23	450.23	450.23	450.23
6"	50.00	522.00	749.95	852.00	900.45	900.45	900.45	900.45
8"	80.00	834.00	1,199.92	1,363.20	1,440.72	1,440.72	1,440.72	1,440.72
10"	115.00	1,198.00	1,724.89	1,959.60	2,071.04	2,071.04	2,071.04	2,071.04
12"	155.00	2,238.00	2,324.85	2,641.20	2,791.40	2,791.40	2,791.40	2,791.40

Sources: Beaumont-Cherry Valley Water District.

Figure 3-20: Proposed Commodity Charges (State Project Water Costs & Power Costs Included)

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Domestic						
Block 1 Rate per ccf (0-44 ccf)	\$ 1.24	\$ 1.37	\$ 1.42	\$ 1.42	\$ 1.42	\$ 1.42
Block 2 Rate per ccf (45+ ccf)	1.29	1.42	1.48	1.48	1.48	1.48
Multi-Family Residential						
Block 1 Rate per ccf (0-35 ccf per unit)	1.24	1.37	1.42	1.42	1.42	1.42
Block 2 Rate per ccf (36+ ccf per unit)	1.20	1.32	1.38	1.38	1.38	1.38
Commercial/Fire Service	1.26	1.38	1.44	1.44	1.44	1.44
Multiple Commercial	1.26	1.38	1.44	1.44	1.44	1.44
Landscape	1.45	1.60	1.67	1.67	1.67	1.67
Agriculture	1.29	1.42	1.48	1.48	1.48	1.48
Construction	1.46	1.60	1.67	1.67	1.67	1.67

Sources: Beaumont-Cherry Valley Water District.

Figure 3-21: Proposed Commodity Charges (State Project Water Costs & Power Costs Not Included)

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Domestic						
Block 1 Rate per ccf (0-44 ccf)	\$ 0.80	\$ 0.91	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.96
Block 2 Rate per ccf (45+ ccf)	0.88	1.00	1.05	1.05	1.05	1.05
Multi-Family Residential						
Block 1 Rate per ccf (0-35 ccf per unit)	0.80	0.91	0.96	0.96	0.96	0.96
Block 2 Rate per ccf (36+ ccf per unit)	0.82	0.93	0.98	0.98	0.98	0.98
Commercial/Fire Service	0.82	0.94	0.99	0.99	0.99	0.99
Multiple Commercial	0.82	0.94	0.99	0.99	0.99	0.99
Landscape	0.96	1.09	1.15	1.15	1.15	1.15
Agriculture	0.84	0.96	1.01	1.01	1.01	1.01
Construction	0.96	1.09	1.15	1.15	1.15	1.15

Sources: Beaumont-Cherry Valley Water District.

### Impact of Revenue Increase

In Calendar Year 2011, the proposed 7% increase in required revenue does not directly correlate to a 7% increase in rates. The cost of service analysis and, in Domestic's case, the restructuring of the consumption blocks dictate the actual adjustments to the rates.

Figure 3-22 details a comparison of the District's existing rates with the proposed domestic rates (rate increase effective January 2011). Based on the District's Master Plan, the average gallons per day (gpd) for a domestic residence is 580 gallons per day. Given the household density of 2.79, this calculates to be a bi-monthly consumption of 44 ccf for an average domestic residence. As revealed in the comparison, those who burden the system the greatest, over 55 ccf, see a larger increase in their bi-monthly bill.

Figure 3-22: Bi-Monthly Comparative Water Bills - Domestic

<hr/>											
2011 Proposed Block 1 Consumption Rate per ccf						(0-44 ccf)	\$	0.91			
2011 Proposed Block 2 Consumption Rate per ccf						(45+ ccf)	\$	1.00			
<hr/>											
Bi-Monthly Usage (CCF)	Current Bi-Monthly Meter Rates	Current Rates Consumption Charge	Current Rates Power & State PW Charges	Total Current Charge	Proposed Bi-Monthly Meter Charge	Proposed Block 1 Consumption Charge	Proposed Block 2 Consumption Charge	Proposed Power & State PW Charges	Total Proposed Charge	Increase/ (Decrease)	
30	\$ 12.00	\$ 25.20	\$ 14.70	\$ 51.90	\$ 15.00	27.15	\$ -	\$ 12.92	\$ 55.07	\$ 3.17	
35	12.00	29.40	\$ 17.15	58.55	15.00	31.68	-	15.07	61.75	3.20	
44	12.00	36.96	\$ 21.56	70.52	15.00	39.82	-	18.95	73.77	3.25	
50	12.00	42.00	\$ 24.50	78.50	15.00	39.82	5.98	21.53	82.33	3.83	
55	12.00	46.20	\$ 26.95	85.15	15.00	39.82	10.96	23.69	89.47	4.32	
60	12.00	50.40	\$ 29.40	91.80	15.00	39.82	15.94	25.84	96.61	4.81	
<hr/>											
Sources: Beaumont-Cherry Valley Water District.											
<hr/>											

### Comparison of Water Service Charges with Surrounding Utilities

The District's existing water rates are among the lowest in comparison to the surrounding utilities. The District's water rates will remain in the middle as compared to the surrounding agencies, even with the proposed 7% increase.

Figure 3-23 details a comparison of the District's existing rates and proposed rates to the charges of the surrounding agencies in the region. The charges are calculated with an assumed bi-monthly usage of 40 ccf, in order to make a reliable comparison. The bi-monthly bills for the District include estimated pass through costs for state project water and SCE power. Figure 3-24 details the water rate structures for the District and surrounding utilities.

Figure 3-23: Bi-Monthly Comparative Water Bills – Surrounding Utilities

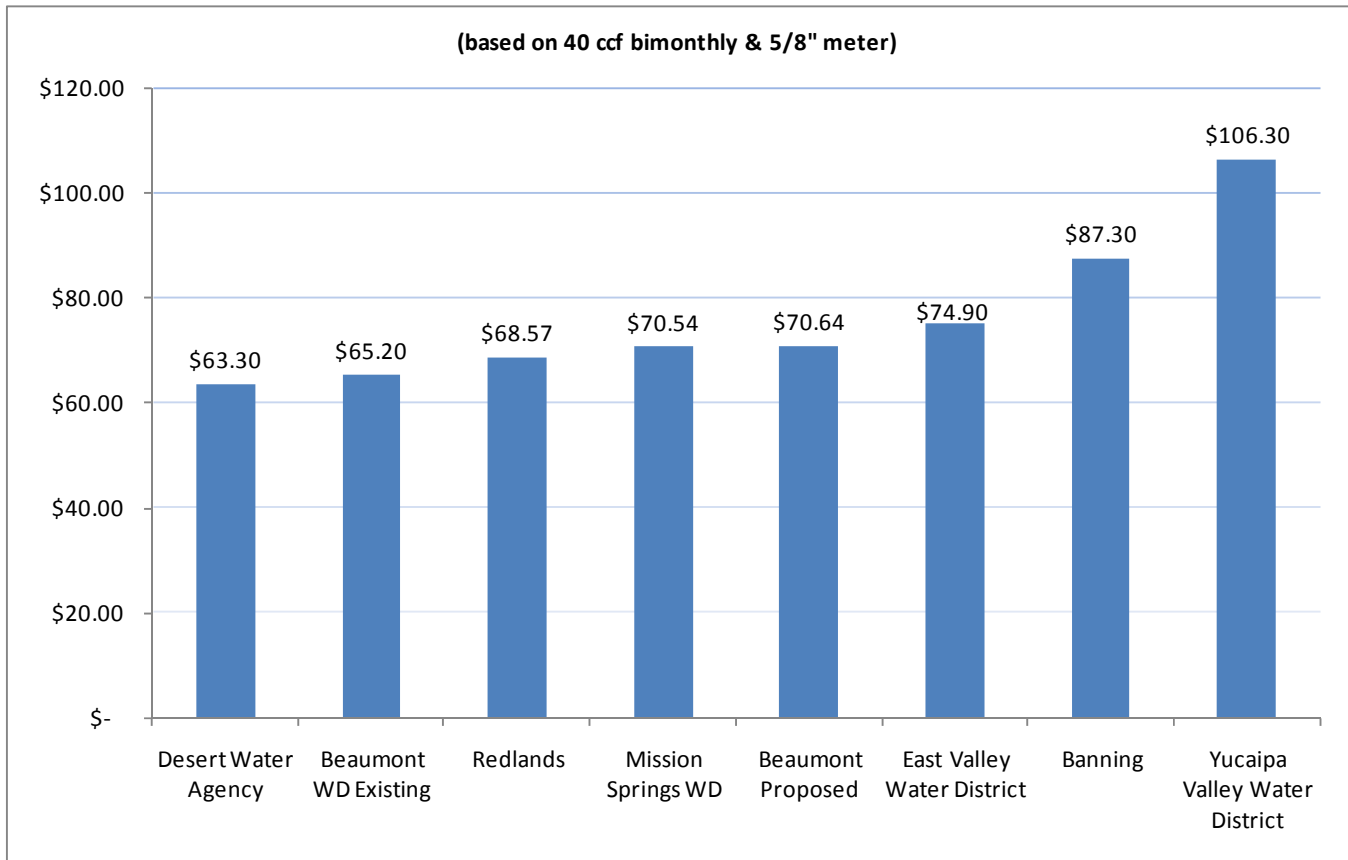


Figure 3-24: Bi-Monthly Comparative Water Rates – Surrounding Utilities

AGENCY	Bi-Monthly Fixed Meter Charge 5/8" - 3/4"	Tier 1 Consumption Rate	Tier 2 Consumption Rate	Tier 3 Consumption Rate	Tier 4 Consumption Rate	SPW Surcharge	Power Charge
Beaumont-Cherry Valley WD Existing Rates	12.00	\$0.84(0-44 ccf)	N/A	N/A	N/A	Not to exceed \$0.25 per ccf	Not to exceed \$0.24 per ccf
Beaumont-Cherry Valley WD CY 2011 Rates	17.04	\$0.91 (0-44 ccf)	\$1.00 (Over 44 ccf)	N/A	N/A	Not to exceed \$0.25 per ccf	Not to exceed \$0.35 per ccf
City of Banning	33.54	\$1.15 (0-9 ccf)	\$1.34 (10-29 ccf)	\$1.51 (Over 30 ccf)	N/A		
City of Redlands	23.97	\$0.74 (0-10 ccf)	\$1.24 (11-60 ccf)	\$1.31 (Over 60 ccf)	N/A		
Mission Springs Water District	15.54	\$0.50 (0-8 ccf)	\$1.55 (9-30 ccf)	\$1.69 (Over 30 ccf)	N/A		
Desert Water Agency	13.30	\$0.90 per ccf \$1.429 (1-15 units)	N/A \$1.919 (16-60 units)	N/A \$2.099 (61-100 units)	N/A \$2.439 (101 & Over units)	\$0.66 per 1000 gallons	Zone A - \$0.055 per ccf Zone B - \$0.109 per ccf Zone C - \$0.350 per ccf
Yucaipa Valley Water District	19.74	(per 1000 gallons)	(per 1000 gallons)	(per 1000 gallons)	(per 1000 gallons)		
East Valley Water District	20.90	\$1.35 per ccf	N/A	N/A	N/A		

May 13, 2010

Dear Property Owner, and/or Customer

Each year, the Board of Directors of Beaumont-Cherry Valley Water District (the "District") adopts a budget that includes the cost of operating and maintaining the water system and construction of new or replacement facilities to enable the delivery of high-quality water and reliable service. As a public agency, the District provides services based on the cost of operations and maintenance. The District's objective is to keep costs, and therefore rates, as low as possible for all our customers.

The District is proposing a water rate increase to fund increased operating, maintenance, and capital improvement costs. The purpose of increasing rates progressively over a period of time is to reduce the impact on our customers.

Among the reasons for the proposed water rate increase is the cost of purchasing and delivering water, electricity (power) expense, capital improvement project costs, and other utility operating costs.

The attached Notice of Proposed Water Rate Increase and of Public Hearing provides detailed information on the proposed rate increase and related information.

The Board of Directors will hold a public hearing on the proposed rate increase on June 30, 2010 at 7:00 p.m., at the District, located at 560 Magnolia Avenue, Beaumont, California, to take public testimony.

Please read the attached Notice for more information about the Public Hearing and protest procedures. If you have any questions, please contact the District at: (951) 845-9581.

Sincerely,

Anthony L. Lara  
Interim General Manager



**BEAUMONT-CHERRY VALLEY WATER DISTRICT  
NOTICE OF PUBLIC HEARING  
TO CONSIDER PROPOSED INCREASES IN  
WATER RATES AND SERVICE CHARGES**

**BEAUMONT-CHERRY VALLEY WATER DISTRICT GIVES NOTICE THAT:**

1. If adopted the Beaumont-Cherry Valley Water District is proposing to progressively increase water and service rates. The purpose of the proposed increases is to finance the on-going operation, repairs and maintenance of the District's facilities. A description of how the rates are calculated and the proposed rate increases are set forth in the schedules below. The proposed increases are the result of a detailed budget analysis and an independent professional Water Rate Study prepared to determine the appropriateness of the proposed rates and the fair & equitable allocation of same among property owners and/or customers. Upon request a copy of the Water Rate Study may be obtained at the District's Administrative Office located at 560 Magnolia Avenue, Beaumont, California, 92223 or by visiting the District website at [www.bcvwd.org](http://www.bcvwd.org).

2. Before taking final action on the proposed rate increase, the Board of Directors ("the Board") will hold a **PUBLIC HEARING on June 30, 2010, at 7:00 p.m., at the District, 560 Magnolia Avenue, Beaumont, California.** The Public Hearing will be for hearing public testimony and receiving written protests on the proposed water rate increase. The Board may continue the hearing from time-to-time without further written notice.

3. Any Property Owner, and/or Customer (the term "Property Owner", and/or "Customer" as used in this Notice includes any affected person or entity that has a right to lawful possession and/or occupancy of property and who is responsible for payment of water service charges) may appear at the Public Hearing and orally protest the proposed rate increases, or submit to the District, at any time before the end of the Public Hearing, a written protest against the proposed rate increases. Oral protests will not qualify as a protest unless accompanied by a written protest. Emailed protests will not be accepted or counted. The protest must identify the property, and be signed by the Property Owner and/or Customer. Any written protests may be hand-delivered or mailed to the District at 560 Magnolia Avenue, Beaumont, or may be submitted at the time of the Public Hearing. To be counted, any written protest must be received by the District not later than the end of the Public Hearing specified above. A majority written protest to the proposed rate increases will exist if, at the end of the Public Hearing, there are written protests submitted by a majority of the Property Owners and Customers subject to the proposed rate increases. California law prohibits the District from increasing rates, fees and charges if the majority of the affected Property Owners and Customers file written protests.

4. Detailed information about the proposed water rates may be reviewed at Beaumont-Cherry Valley Water District, 560 Magnolia Avenue, Beaumont, during regular business hours or by visiting the District website at [www.bcvwd.org](http://www.bcvwd.org).

# PROPOSED NEW WATER RATES

## Proposed Bi-Monthly Fixed Meter Charges

		Current Rates	7-1-10	1-1-11	1-1-12	1-1-13	1-1-14	1-1-15
<b><u>BI-MONTHLY METER CHARGE</u></b>								
Total Meter Related Costs		\$ 1,984,248	\$ 2,480,360	\$ 2,888,313	\$ 3,128,878	\$ 3,207,100	\$ 3,287,278	\$ 3,369,460
Number of Equivalent Meters		27,559	27,559	28,248	28,954	29,678	30,420	31,180
Bi-Monthly Meter Charge per 5/8" Meter		\$ 12.00	\$ 15.00	\$ 17.04	\$ 18.01	\$ 18.01	\$ 18.01	\$ 18.01
Meter Size	Equivalent Meter Factor <sup>1</sup>	Bi-Monthly Meter Charge						
5/8"	1.00	12.00	15.00	17.04	18.01	18.01	18.01	18.01
3/4"	1.50	17.25	22.50	25.56	27.02	27.02	27.02	27.02
1"	2.50	28.00	37.50	42.61	45.03	45.03	45.03	45.03
1 1/2"	5.00	54.00	75.01	85.21	90.06	90.06	90.06	90.06
2"	8.00	85.00	120.01	136.34	144.09	144.09	144.09	144.09
3"	16.00	159.00	240.02	272.67	288.18	288.18	288.18	288.18
4"	25.00	262.00	375.03	426.05	450.28	450.28	450.28	450.28
6"	50	522.00	750.05	852.10	900.55	900.55	900.55	900.55
8"	80.00	834.00	1,200.08	1,363.36	1,440.88	1,440.88	1,440.88	1,440.88
10"	115.00	1,198.00	1,725.12	1,959.83	2,071.27	2,071.27	2,071.27	2,071.27
12"	155.00	2,238.00	2,325.16	2,641.51	2,791.71	2,791.71	2,791.71	2,791.71

1. The Bi-Monthly Meter Charge is determined by multiplying the Equivalent Meter Factor of each meter size by the Bi-Monthly Meter Charge for a 5/8" meter size.

## Proposed Commodity Charges

Description	Current Rates	7-1-10	1-1-11	1-1-12	1-1-13	1-1-14	1-1-15
Domestic (Single-Family Residential)							
Block 1 Rate per ccf (0-44 ccf) <sup>1</sup>	\$ 0.84	\$ 0.80	\$ 0.91	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.96
Block 2 Rate per ccf (45+ ccf)		0.88	1.00	1.05	1.05	1.05	1.05
Multi-Family Residential							
Block 1 Rate per ccf (0-35 ccf per unit) <sup>1</sup>	0.84	0.80	0.91	0.96	0.96	0.96	0.96
Block 2 Rate per ccf (36+ ccf per unit)		0.82	0.93	0.98	0.98	0.98	0.98
Commercial/Fire Service	0.84	0.82	0.94	0.99	0.99	0.99	0.99
Multiple Commercial	0.84	0.82	0.94	0.99	0.99	0.99	0.99
Landscape	0.84	0.96	1.09	1.15	1.15	1.15	1.15
Scheduled Irrigation	0.47	0.84	0.96	1.01	1.01	1.01	1.01
Construction	1.61	0.96	1.09	1.15	1.15	1.15	1.15

1. The Block 1 Consumption Allotment for the Domestic (SF Residential) and Multi-Family Residential Customer Classes represents the average consumption for each customer class.

## Proposed SCE Power Charges

	7-1-10	1-1-11	1-1-12	1-1-13	1-1-14	1-1-15
<u>PASS THROUGH SURCHARGES <sup>1</sup></u>						
Electric Power Costs	\$ 1,700,000	\$ 1,768,000	\$ 1,838,720	\$ 1,912,269	\$ 1,988,760	\$ 2,068,310
Total Water Utility Consumption	<u>5,272,155</u>	<u>5,403,959</u>	<u>5,539,057</u>	<u>5,677,534</u>	<u>5,819,472</u>	<u>5,964,959</u>
<b>Power Charge per ccf</b>	<b>\$ 0.32</b>	<b>\$ 0.33</b>	<b>\$ 0.33</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.35</b>

1. This charge may be adjusted automatically to reflect the actual electrical power costs incurred by the District.

## Proposed Bi-Monthly Private Fire Service Charges

	Current Rates	7-1-10	1-1-11	1-1-12	1-1-13	1-1-14	1-1-15
Total Annual Fire Service Costs	\$	95,000	\$ 98,800	\$ 102,752	\$ 106,862	\$ 111,137	\$ 115,582
Number of Equivalent Connections		<u>14,244</u>	<u>14,244</u>	<u>14,244</u>	<u>14,244</u>	<u>14,244</u>	<u>14,244</u>
Charge per equivalent	\$	6.67	\$ 6.94	\$ 7.21	\$ 7.50	\$ 7.80	\$ 8.11
Bi-Monthly Charge per equivalent	\$	1.11	\$ 1.16	\$ 1.20	\$ 1.25	\$ 1.30	\$ 1.35

Meter Size	Demand Factor <sup>1</sup>	Standby Fees - Minimum Bi-Monthly Charge					
1"	1.00		1.11	1.16	1.20	1.25	1.30
2"	6.19		6.88	7.16	7.44	7.74	8.05
4"	38.32	56.00	42.59	44.30	46.07	47.91	49.83
6"	111.31	162.00	123.73	128.68	133.82	139.18	144.74
8"	237.21	345.00	263.67	274.21	285.18	296.59	308.45
10"	426.58	619.00	474.16	493.13	512.85	533.37	554.70
12"	689.04	1000.00	765.90	796.54	828.40	861.54	896.00

<sup>1</sup> Demand factors based on nominal size of connection raised to the 2.63 power. The demand factors are based on AWWA standards for allocating service costs to public and private fire accounts.

Sources: Beaumont-Cherry Valley Water District; Willdan Financial Services; American Water Works Association (AWWA)