



**BEAUMONT CHERRY VALLEY WATER DISTRICT
AGENDA
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Wednesday, June 30, 2010 at 7:00 PM
560 Magnolia Avenue, Beaumont, CA 92223**

CALL TO ORDER, PRESIDENT BALL

PLEDGE OF ALLEGIANCE, DIRECTOR ROSS

INVOCATION, DIRECTOR WOLL

ROLL CALL, BLANCA MARIN

PUBLIC INPUT

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

ACTION ITEMS

1. ADOPTION OF THE AGENDA

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. APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE BEAUMONT CHERRY VALLEY WATER DISTRICT AND THE DISTRICT'S REPRESENTED EMPLOYEES**

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. PUBLIC HEARING REGARDING THE PROPOSED INCREASES TO THE DISTRICT'S RATES, FEES AND CHARGES

The Board will conduct a Public Hearing for the purpose of receiving and considering public comments regarding the proposed increases to the District's rates, fees and charges

OPEN PUBLIC HEARING

The Board President will open the Public Hearing at this time.

PUBLIC COMMENT

The public will be invited to comment on the proposed increases to the District's rates, fees and charges

CLOSE PUBLIC HEARING

The Board will close the Public Hearing at this time and will reconvene to the Special Meeting.

4. APPROVAL OF RESOLUTION 2010-09, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT CHERRY VALLEY WATER DISTRICT AMENDING PART 5 OF THE DISTRICT'S RULES AND REGULATIONS GOVERNING WATER SERVICES (RATES, FEES AND CHARGES) **

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. 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.

MEMORANDUM OF UNDERSTANDING
BETWEEN
BEAUMONT CHERRY VALLEY WATER DISTRICT
AND
BEAUMONT CHERRY VALLEY WATER DISTRICT
EMPLOYEE ASSOCIATION

2010 – 2013

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This memorandum of Understanding (MOU) entered effective the 1st day of July, 2010 is by and between the Beaumont Cherry Valley Water District, hereinafter referred to as the “District”, and the Beaumont Cherry Valley Water District Employees Association, Hereinafter referred to as the “Association”.

Article 1

Recognition

The District hereby recognizes The Association as the sole and exclusive bargaining agent for the following classifications:

- Account Clerk 1
- Account Clerk 2
- Customer Service Representative/Backflow Specialist
- Commercial Office Supervisor
- Field Foreman
- Production Maintenance 1
- Production Maintenance 2
- Production Maintenance 3
- Water Utility Person 1
- Water Utility Person 2
- Water Utility Person 3

Should additional classifications be added during the term of this agreement, the District and the Association shall meet to ascertain if added classifications should be included in the bargaining unit.

Article 2

Management Rights

The Association recognizes that the District and its representatives have the responsibility and authority to manage and direct, on behalf of the public, all of the operations and activities of the District to the full extent authorized by law.

The District is conceded to have the right to make technological improvements, to assign work not expressly covered by the job descriptions, to determine normal working hours, and to schedule accordingly.

Article 3

Employee Rights

Employees shall be free of restraint, intimidations and coercion as a result of the exercise of their rights as guaranteed by this agreement.

Article 4

Non Discrimination

The provisions of this agreement shall apply to all persons covered by this agreement without discrimination on account of sex, race, color, political affiliation, age, national origin or creed, nor, will there be discrimination in respect to hiring and retention.

Article 5

Normal Work Day

Normal work day is defined as eight (8) hours of work plus an unpaid one-half (1/2) hour lunch break followed by fifteen and one-half (15 ½) hours of rest for all employees except clerical classifications.

Clerical employees' normal work day shall consist of eight (8) hours of work and one (1) hour unpaid lunch period followed by fifteen (15) hours of rest.

Article 6

Normal Work Week

The normal work week shall consist of 168 consecutive hours beginning at 12:00 A.M. Sunday and ending the following Saturday at 11:59 PM.

Article 7

Overtime

Employees will be compensated at the rate of time and one-half (regular overtime rate) their standard hourly wage rate for all hours worked in excess of eight (8) in a normal work day. Employees working more than twelve (12) consecutive hours shall be compensated at twice their normal rate of pay for all hours worked in excess of twelve (12) consecutive hours. All overtime shall be paid on the payday immediately following the pay period in which overtime is worked.

Article 8

Call Out Time

Employees shall be paid a minimum of two (2) hours at the regular overtime rate, when called out to work during their normal off duty hours, other than his/her regular shift

Article 9

Equitable Distribution of Call Out Overtime

There will be equitable distribution of call out overtime.

Article 10

Pay period

The pay period shall commence on Sunday at 12:00 A.M., and continue until 11:59 PM the second Saturday following. Payday shall occur on the Thursday following the end of pay period.

Article 11

Probationary Period

Each newly hired employee shall serve an initial six (6) months probationary period. At the end of a newly hired employee's probationary period of six (6) months, the District shall evaluate the employee's performance and determine the employee's future permanent status, or extend employee's probationary period.

Article 12

Temporary Employee

A temporary employee is defined as anyone hired for a period of six (6) months or less.

Should a temporary employee continue his/her employment beyond the six (6) month period, such time will be credited to his/her regular probationary period.

Article 13

Promotions

When the District has an opening in a classification above the entry level, notice shall be posted in the break room, located at the District Headquarters, five (5) days prior to filling the position. Positions shall be filled on the following basis:

1. Health.
2. Ability to perform in the vacant position.
3. Where the District considers 1 and 2 above equal, preference shall be given to personnel having the appropriate certification/education for the position to be filled.
4. When the District has established all factors equal, seniority shall be the final consideration.

Permanent employees elevated in classification may serve a six (6) month probationary period in their newly acquired position. Permanent status or extension of probationary period will be dependent on the job performance evaluation which will occur at the end of the probationary period.

District reserves the right to hire outside the present work force in the event management concludes that present personnel do not have the qualifications to fill said position.

Article 14

Performing Work Out of Classification

Employees required to work an eight (8) hour shift in a temporary classification higher than their current classification will be paid a step increase equivalent to five percent (5%) of his/her base pay rate.

Should an employee be required to work temporarily in a classification paying less than his/her established rate, he/she will be paid at their normal rate.

Article 15

Layoff and Recall

Should the District be required to reduce the bargaining unit work force for any reason, the following shall be the lay off procedure:

1. Temporary bargaining unit employees shall be laid off first.
2. Should a further reduction be necessary, full time probationary bargaining unit employees shall be laid off next.

Recall to work shall be in reverse order of layoff.

The District shall notify an employee of their intention to lay him/her off at least ten (10) working days prior to the date the layoff is to take effect.

Article 16

Grievance Procedure

A grievance is any alleged violation, or major difference of opinion, as to the interpretation or application of any negotiated agreement, or any law, rule or regulation governing personnel matters.

An employee is entitled to representation in the preparation and presentation of his grievance at any step in the grievance procedure. The grievant is entitled to be released from work for a reasonable period of time in order to present the grievance.

An employee and any representation will be unimpeded and free from restraint, discrimination, interference, or reprisal in seeking appropriate adjustment of a grievance.

Step1: A grievance, as defined above, shall be presented to the immediate supervisor within seven (7) business days of the event giving rise to the grievance. If not presented within the said time requirement, the grievance will be deemed to have been waived. Prior to filing a written grievance, an employee will first discuss the matter with his/her immediate supervisor. The immediate supervisor shall respond, either orally or in writing, within three (3) days of the discussion concerning the matters giving rise to the grievance.

Step 2: In the event the problem is not resolved through informal discussion as outlined in Step 1, the grievance shall be reduced to writing, and submitted to the General

Manager, within five (5) days of receipt of the immediate supervisor's answer. Upon receipt of a written grievance, the General Manager shall meet with the employee and his representative. The General Manager shall render a written decision no later than three (3) days after the Step 2 meeting.

Step 3: Should the grievance not be resolved in step 2, it may then be appealed to the Personnel Committee of the Board of Directors within three (3) days. The Personnel Committee shall meet with the grievant, and his representative, within ten (10) days of submission for review, and render a written decision ten (10) days thereafter, which decision shall be final.

Article 17

Progressive Discipline

Except where immediate action is appropriate, such as theft, fighting, drunkenness, etc., the District agrees to the following order of discipline:

1. First offenders shall be counseled and given a verbal warning. Verbal warning shall be documented.
2. Should the misconduct continue, a written warning will be issued the employee, along with notification that further misconduct could be grounds for more severe disciplinary action.
3. If, after 1 and 2, the employee still persists in the conduct giving rise to the disciplinary action, the District may take whatever action it deems appropriate, up to and including discharge.

All violations shall be documented on employee evaluations

All disciplinary actions, other than verbal warning, shall be subject to the grievance procedure.

Article 18

Step Increases

Employees below Step 5 in his/her classification shall be eligible for step increase based on individual performance evaluation. Evaluations shall be conducted at six (6) month intervals for all employees, based on anniversary date.

Employees that have reached Step 5 in their classification shall receive an annual employee review by their immediate supervisor. Pay increases in excess of Step 5, other than as pursuant to the cost of living increase, shall be at the discretion of the Board of Directors, based on merit.

Each employee at Step 5 shall be evaluated at one (1) year intervals, on or about December 1, each year, and said evaluation shall be reviewed by the Board of Directors when merit increases are recommended by the immediate supervisors, and approved by the General Manager. The Board may adopt salary increases in excess of Step 5, based on individual merit and job performance.

Article 19

Sick Leave

Bargaining Unit employees shall accumulate sick leave at the rate of one (1) day per month.

Incentive Plan "A"

An employee not using any sick leave for twelve (12) consecutive months may convert their twelve (12) accrued days to cash at a rate of two (2) accrued days for eight (8) hours pay at their regular hourly rate.

Incentive Plan "B":

Upon retirement or death, and employee, or his/her beneficiary, shall be entitled to receive 50% of all accumulated sick leave not compensated for in "A" above, at the employee's Life Insurance Beneficiary Form.

NOTE: Beneficiary shall be the individual indicated on the employee's Life Insurance Beneficiary Form.

Article 20

Insurance

The District shall provide to Bargaining Unit members health insurance coverage through the Public Employees Retirement System (PERS) for all members of the Bargaining Unit and their dependents. Insurance will cover maternity for employee and spouse only.

State Disability Insurance:

Employees shall pay the cost of the premiums associated with State Disability Insurance.

Life Insurance:

Life Insurance shall be provided at the employee's current regular rate of pay, at the time of death, equal to one year's salary.

Article 21

Holidays

Employees shall be entitled to the following paid holidays:

- January 1 (New Year's Day)
- Martin Luther King jr. Day, Third Monday in January
- Third Monday in February (Presidents' Day)
- Last Monday in May (Memorial Day)
- July 4 (Independence Day)
- First Monday in September (Labor Day)
- November 11 (Veteran's Day)
- Thanksgiving Day
- Friday after Thanksgiving
- December 25 (Christmas)
- Employee Birthday

Employees that do not work the holiday shall be credited with eight (8) hours pay. Such eight (8) hours shall be counted as a day worked for the purposes of the computation of overtime.

Article 21 (Cont'd)

An employee required to work the holiday shall be paid one and one-half (1 ½) times his/her rate of pay in addition to holiday pay, to a maximum of eight (8) hours. Any hours worked in excess of eight (8) hours shall be paid at two (2) times his/her rate of pay.

A holiday that occurs on a Saturday shall be granted the preceding Friday. A holiday that occurs on a Sunday shall be granted the following Monday.

Employees must work a full shift the regular scheduled business day before and after the holiday to qualify for this benefit.

Article 22

Vacations

Employees shall accrue vacations in the following manner:

Years of Service	Vacation Earned
One (1) through four (4) years	10 working days
Five (5) through fourteen (14) years	15 working days
Fifteen (15) years and more	20 working days

Vacation shall be earned from date of hire.

Vacations

An employee with less than five (5) years seniority would receive 10 days vacation per year. The first year shall be prorated and accrued at a rate of 5/6 of a day per month commencing with the first full month of employment, and awarded after January 1 of the following year. Vacations shall be scheduled prior to March 15 and approved by April 1, or scheduled and approved 30 days in advance of desired time.

The District agrees that an employee may carry over, to the following year, his/her previously approved vacation when the District requires an employee to work said scheduled vacation due to an emergency.

Article 22 (Cont'd)

If an employee elects not to schedule his/her vacation, the District agrees to purchase unused vacation at an employee's regular hourly rate of compensation. The purchase shall occur at the first pay period in the month of December.

Article 23

Retirement Plan

The retirement plan for all bargaining unit members shall be the public Employees Retirement System (PERS) of the State of California.

- Benefit Description: Section 21354.5
The PERS plan will be the "2.7% @ 55 formula with all prior years of service recognized".
- Benefit Description: Section 20042
One-Year Final Compensation
- Benefit Description: Section 21624, 21626, & 21628
Post Retirement Survivor Allowance

New employees with a date of hire after January 1, 2001 shall pay 7% of their regular salary towards the retirement plan. The District and employees agree the District will pay the entire 7% for all employees hired prior to 2001.

Article 24

Job Related Instruction

The District agrees to reimburse the full cost of any District work related course of instruction or study that Bargaining unit members may attend. Reimbursement will only occur upon successful completion of the course with a passing grade and appropriate certification if applicable.

Pursuant to Article 2 of the MOU the District retains the right to approve any and all courses of study prior to attendance by the Bargaining Unit Employee.

Article 25

Bereavement Leave

Two (2) days off with pay for death of employee's / spouse's parents. Four (4) days off with pay for death of employee's spouse or children.

Article 26

Total Agreement

This Memorandum of Understanding represents the total agreement of the parties. All previous Memoranda of Understanding, personnel policies or practices relating to the scope of representation, as defined in the Meyer-Millias-Brown Act, are declared null and void in their entirety.

Article 27

Term of Agreement

This agreement shall remain in full force and effect from June 30, 2010 until June 30, 2013.

Article 28

Furlough Program

Notwithstanding anything to the contrary in this Memorandum of Understanding, the terms of the agreement regarding the Furlough Program entered into effective April 1, 2010 (a copy of which is attached hereto and marked Exhibit "A") shall remain in full force and effect.

Article 29

Savings Clause

Should any provision of this agreement or any application thereof, be unlawful by virtue of any federal, State or Local Laws and regulations, such provision of this agreement shall be effective and implemented only to the extent permitted by such laws and regulations. In all other respects, the provisions of this agreement shall continue in full force and effect for the life thereof.

BEAUMONT CHERRY VALLEY WATER DISTRICT

By: _____
Dr. Blair M. Ball, President of the Board of Directors

By: _____
Anthony L. Lara, Interim General Manager

EMPLOYEE REPRESENTATIVES

By: _____

By: _____

By: _____

**AGREEMENT
REGARDING FURLOUGH PROGRAM**

This Agreement is entered into effective Monday, April 1, 2010 by and between Beaumont Cherry Valley Water District, hereinafter referred to as the "District", and the Beaumont Cherry Valley Water District Employees Association, hereinafter referred to as the "Association".

RECITALS

Whereas, the District and the Association entered into a Memorandum of Understanding (hereafter "MOU") which sets forth a termination of December 31, 2008. A copy of the MOU is attached hereto marked Exhibit "A"; and

Whereas, the parties subsequently entered into an agreement (hereafter "Extension Agreement") effective December 16, 2009 which extended the termination date to June 30, 2010. A copy of the Extension Agreement is attached hereto marked Exhibit "B";

NOW, THEREFORE, the parties agree to the following:

1. Effective April 12, 2010, and terminating October 31, 2010. The implementation of a Furlough Program is implemented is defined as follows.

Normal Work Day: The Normal Work day is nine and one half (9.5) hours of work plus an unpaid one half (0.5) hour lunch break followed by fourteen (14) hours of rest for all employees;

Overtime: Employees shall be compensated at the rate of time and one half their standard hourly rate for all hours worked in excess of forty (40) in a normal work week. Employees shall be compensated at their normal rate of pay for the first two (2) hours of overtime in a regular work week, which will equal forty (40) hours of straight time. Employees working more than twelve (12) consecutive hours shall be compensated at twice their normal rate of pay for all hours worked in excess of twelve (12) consecutive hours;

Paid Time Off: Vacation and Sick leave will be charged at the rate of nine and one half (9.5) hours per day unless stated otherwise on the employee time sheet.

2. Notwithstanding anything to the contrary in the MOU, the terms of this Agreement shall supersede the MOU.

BEAUMONT CHERRY VALLEY WATER DISTRICT:

By: _____
Dr. Blair Ball, President

Anthony Lara, Interim General Manager

BEAUMONT CHERRY VALLEY WATER DISTRICT EMPLOYEES ASSOCIATION:

By: EMPLOYEE REPRESENTATIVES:

MEMORANDUM OF UNDERSTANDING

BETWEEN

BEAUMONT CHERRY VALLEY WATER DISTRICT

AND

**BEAUMONT CHERRY VALLEY WATER DISTRICT
EMPLOYEE ASSOCIATION**

2006 – 2008

ORIGINAL

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This memorandum of Understanding (MOU) entered into this ____ day of _____ 2006, is by and between the Beaumont Cherry Valley Water District, hereinafter referred to as the "District", and the Beaumont Cherry Valley Water District Employees Association, Hereinafter referred to as the "Association".

It is understood and agreed by both parties that this Memorandum Of Understanding will be retroactive to January 1, 2006.

Article 1

Recognition

The District hereby recognizes The Association as the sole and exclusive bargaining agent for the following classifications:

- Account Clerk 1
- Account Clerk 2
- Customer Service Representative/Backflow Specialist
- Inventory Control Specialist
- Lead Inspector
- Production Maintenance 1
- Production Maintenance 2
- Production Maintenance 3
- Water Utilityman 1
- Water Utilityman 2
- Water Utilityman 3

Should additional classifications be added during the term of this agreement, the District and the Association shall meet to ascertain if added classifications should be included in the bargaining unit.

Article 2

Management Rights

The Association recognizes that the District and its representatives have the responsibility and authority to manage and direct, on behalf of the public, all of the operations and activities of the District to the full extent authorized by law.

The District is conceded to have the right to make technological improvements, to assign work not expressly covered by the job descriptions, to determine normal working hours, and to schedule accordingly.

Article 3

Employee Rights

Employees shall be free of restraint, intimidations and coercion as a result of the exercise of their rights as guaranteed by this agreement.

Article 4

Non Discrimination

The provisions of this agreement shall apply to all persons covered by this agreement without discrimination on account of sex, race, color, political affiliation, age, national origin or creed, nor, will there be discrimination in respect to hiring and retention.

Article 5

Normal Work Day

Normal work day is defined as eight (8) hours of work plus and unpaid one-half (1/2) hour lunch break followed by fifteen and one-half (15 ½) hours of rest for all employees except clerical classifications.

Clerical employees' normal work day shall consist of eight (8) hours of work and one (1) hour unpaid lunch period followed by fifteen (15) hours of rest.

Article 6

Normal Work Week

The normal work week shall consist of 168 consecutive hours beginning at 12:01 A.M. Sunday and ending the following Saturday at 12:00 Midnight.

Article 7

Overtime

Employees will be compensated at the rate of time and one-half (regular overtime rate) their standard hourly wage rate for all hours worked in excess of eight (8) in a normal work day. Employees working more than twelve (12) consecutive hours shall be compensated at twice their normal rate of pay for all hours worked in excess of twelve (12) consecutive hours. All overtime shall be paid in the pay period in which overtime is worked.

Article 8

Call Out Time

Employees shall be paid a minimum of two (2) hours at the regular overtime rate, when called out to work during their normal off duty hours, other than his/her regular shift

Article 9

Equitable Distribution of Call Out Overtime

There will be equitable distribution of call out overtime.

Article 10

Pay period

The pay period shall commence on Sunday at 12:01 A.M., and continue until 12:00 Midnight the second Saturday following. Payday shall occur on the Thursday following the end of pay period.

Article 11

Probationary Period

Each newly hired employee shall serve an initial six (6) months probationary period. At the end of a newly hired employee's probationary period of six (6) months, the District shall evaluate the employee's performance and determine the employee's future permanent status, or extend employee's probationary period.

Article 12

Temporary Employee

A temporary employee is defined as anyone hired for a period of six (6) months or less.

Should a temporary employee continue his/her employment beyond the six (6) month period, such time will be credited to his/her regular probationary period.

Article 13

Promotions

When the District has an opening in a classification above the entry level, notice shall be posted in the break room, located at the District Headquarters, five (5) days prior to filling the position. Positions shall be filled on the following basis:

1. Health.
2. Ability to perform in the vacant position.
3. Where the District considers 1 and 2 above equal, preference shall be given to personnel having the appropriate certification for the position to be filled.
4. When the District has established all factors equal, seniority shall be the final consideration.

Permanent employees elevated in classification may serve a six (6) month probationary period in their newly acquired position. Permanent status will be dependent on the job performance evaluation which will occur at the end of the probationary period.

District reserves the right to hire outside the present work force in the event management concludes that present personnel do not have the qualifications to fill said position.

Article 14

Performing Work Out of Classification

Employees required to work an eight (8) hour shift in a temporary classification higher than their current classification will be paid a step increase equivalent to five percent (5%) of his/her base pay rate.

Should an employee be required to work temporarily in a classification paying less than his/her established rate, he/she will be paid at their normal rate.

Article 15

Layoff and Recall

Should the District be required to reduce the work force for any reason, the following shall be the lay off procedure:

1. Temporary employees shall be laid off first.
2. Should a further reduction be necessary, full time probationary employees shall be laid off next.

Recall to work shall be in reverse order of layoff.

The District shall notify an employee of their intention to lay him/her off at least ten (10) working days prior to the date the layoff is to take effect.

Article 16

Grievance Procedure

A grievance is any alleged violation, or major difference of opinion, as to the interpretation of application of any negotiated agreement, or any law, rule or regulation governing personnel matters.

An employee is entitled to representation in the preparation and presentation of his grievance at any step in the grievance procedure. The grievant is entitled to be released from work for a reasonable period of time in order to present the grievance.

An employee and any representation will be unimpeded and free from restraint, discrimination, interference, or reprisal in seeking appropriate adjustment of a grievance.

Step 1: Prior to filing a written grievance, an employee will first discuss the matter with his/her immediate supervisor. The immediate supervisor shall respond, either orally or in writing, within three (3) days of the discussion concurring the matters giving rise to the grievance.

Step 2: In the event the problem is not resolved through informal discussion as outlined in Step 1, the grievance shall be reduced to writing, and submitted to the General Manager, within five (5) days of receipt of the immediate supervisor's answer. Upon receipt of a written grievance, the General Manager shall meet with the employee and his representative. The General Manager shall render a written decision no later than three (3) days after the Step 2 meeting.

Article 16 (contd.)

Grievance Procedure

Step 3: Should the grievance not be resolved in step 2, it may then be appealed to the Personnel Committee of the Board of Directors with three (3) days. The Personnel Committee shall meet with the grievant, and his representative, within ten (10) days of submission for review, and render a written decision ten (10) days thereafter, which decision shall be final.

Article 17

Progressive Discipline

Except in emergency situations such as theft, fighting, drunkenness, etc., the District agrees to the following order of discipline:

1. First offenders shall be counseled and given a verbal warning. Verbal warning shall be documented.
2. Should the misconduct continue, a written warning will be issued the employee, along with notification that further misconduct could be grounds for more severe disciplinary action.
3. If, after 1 and 2, the employee still persists in the conduct giving rise to the disciplinary action, the District may take whatever action it deems appropriate, up to and including discharge.

After each twelve (12) months of corrective conduct, resulting from the imposition of 1, 2, or 3 above, the discipline shall be purged from the employee's record, in reverse order in which it was imposed.

All violations shall be documented on employee evaluations

All disciplinary actions, other than verbal warning, shall be subject to the grievance procedure.

Article 18

Step Increases

Employees below Step 5 in his/her classification shall be eligible for step increase based on individual performance evaluation. Evaluations shall be conducted at six (6) month intervals for all employees, based an anniversary date.

Employees that have reached Step 5 in their classification shall receive an annual employee review by their immediate supervisor. Pay increases in excess of Step 5, other than as pursuant to the cost of living increase, shall be at the discretion of the Board of Directors, based on merit.

Each employee at Step 5 shall be evaluated at one (1) year intervals, on or about December 1, each year, and said evaluation shall be reviewed by the Board of Directors when merit increases are recommended by the immediate supervisors, and approved by the General Manager. The Board may adopt salary increases in excess of Step 5, based on individual merit and job performance.

The salary schedules are made a part of this agreement on the appropriate dates, and attached hereto as Exhibit "A" on January 1, 2006, 2007, 2008.

Article 19

Cost of Living Adjustment

Salaries to be adjusted on January 1, 2006, 2007, and 2008.

The District and the Association agree that the Bargaining Unit employees will forego annual Cost of Living Adjustments pursuant to the terms of Article 24, Retirement Plan, until such time as the aggregate total of the annual Cost of Living Adjustments, commencing with the Cost of Living Adjustment for January 1, 2006 reaches 4.8 % or 50% of the cost of the "revised" PERS retirement plan.

Article 20

Sick Leave

Bargaining Unit employees shall accumulate sick leave at the rate of one (1) day per month.

Incentive Plan "A"

An employee not using any sick leave for twelve (12) consecutive months may convert their twelve (12) accrued days to cash at a rate of two (2) accrued days for eight (8) hours pay at their regular hourly rate.

Article 20 (contd.)

Sick Leave

Incentive Plan "B":

Upon retirement or death, and employee, or his/her beneficiary, shall be entitled to receive 50% of all accumulated sick leave not compensated for in "A" above, at the employee's Life Insurance Beneficiary Form.

NOTE: Beneficiary shall be the individual indicated on the employee's Life Insurance Beneficiary Form.

Article 21

Insurance

The District shall provide to Bargaining Unit members health insurance coverage through the Public Employees Retirement System (PERS) for all members of the Bargaining Unit and their dependents. Insurance will cover maternity for employee and spouse only.

State Disability Insurance:

Employees shall pay the cost of the premiums associated with State Disability Insurance.

Life Insurance:

Life Insurance shall be provided at the employee's current regular rate of pay, at the time of death, equal to one year's salary.

Article 22

Holidays

Employees shall be entitled to the following paid holidays:

- January 1 (New Year's Day)
- Martin Luther King jr. Day, Third Monday in January
- Third Monday in February (Presidents' Day)
- Last Monday in May (Memorial Day)
- July 4 (Independence Day)
- First Monday in September (Labor Day)
- November 11 (Veteran's Day)
- Thanksgiving Day
- Friday after Thanksgiving
- December 25 (Christmas)
- Employee Birthday

Employees that do not work the holiday shall be credited with eight (8) hours pay. Such eight (8) hours shall be counted as a day worked for the purposes of the computation of overtime.

An employee required to work the holiday shall be paid one and one-half (1 ½) times his/her rate of pay in addition to holiday pay, to a maximum of eight (8) hours. Any hours worked in excess of eight (8) hours shall be paid at two and one-half (2 ½) times his/her rate of pay.

A holiday that occurs on a Saturday shall be granted the preceding Friday. A holiday that occurs on a Sunday shall be granted the following Monday.

Employees must work the regular business day before and after the holiday to qualify for this benefit, unless excused.

Article 23

Vacations

Employees shall accrue vacations in the following manner:

Years of Service	Vacation Earned
One (1) through four (4) years	10 working days
Five (5) through fourteen (14) years	15 working days
Fifteen (15) years and more	20 working days

Vacation shall be earned from date of hire.

Article 23 (contd.)

Vacations

An employee with less than five (5) years seniority would receive 10 days vacation per year. The first year shall be prorated and accrued at a rate of 5/6 of a day per month commencing with the first full month of employment, and awarded after January 1 of the following year. Vacations shall be scheduled prior to March 15 and approved by April 1, or scheduled and approved 30 days in advance of desired time.

The District agrees that an employee may carry over, to the following year, his/her previously approved vacation when the District requires an employee to work said scheduled vacation due to an emergency.

If an employee elects not to schedule his/her vacation, the District agrees to purchase unused vacation at an employee's regular hourly rate of compensation. The purchase shall occur at the first pay period in the month of December.

Article 24

Retirement Plan

District paid retirement plan. Said plan shall be the public Employees Retirement System (PERS) of the State of California. Both parties agree the active beginning date of the PERS retirement plan shall be January 1, 2001, and revised January 1, 2006. The parties further agree that the Bargaining Unit shall forego Cost of Living Adjustments until the accumulation of COLA in the years 2006, 07, and 08 equal 4.8% of the total salary compensation, or 50% of the total cost to the District for the PERS plan.

The PERS plan, effective January 1, 2006, will be the "2.7% @ 55 formula, with all prior years of service recognized".

Included changes shall be as follows:

- Benefit Description: Section 21354.5
The PERS plan will be the "2.7% @ 55 formula with all prior years of service recognized".
- Benefit Description: Section 20042
One-Year Final Compensation
- Benefit Description: Section 21624, 21626, & 21628
Post-Retirement Survivor Allowance

New employees with a date of hire after January 1, 2001 shall pay 7% of their regular salary towards the retirement plan. The District and employees agree the District will pay the entire 7% for all employees hired prior to 2001.

Article 25

Job Related Instruction

The District agrees to reimburse the full cost of any District work related course of instruction or study that Bargaining unit members may attend. Reimbursement will only occur upon successful completion of the course with a passing grade and appropriate certification if applicable.

Pursuant to Article 2 of the MOU the District retains the right to approve any and all courses of study prior to attendance by the Bargaining Unit Employee.

Article 26

Bereavement Leave

Two (2) days off with pay for death of employee's / spouse's parents. Four (4) days off with pay for death of employee's spouse or children.

Article 27

Total Agreement

This Memorandum of Understanding represents the total agreement of the parties. All previous Memoranda of Understanding, personnel policies or practices relating to the scope of representation, as defined in the Meyer-Millias-Brown Act, are declared null and void in their entirety.

Article 28

Term of Agreement

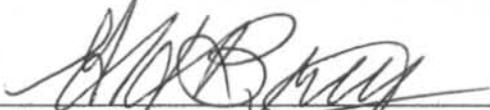
This agreement shall remain in full force and effect from January 1, 2006 until December 31, 2008.

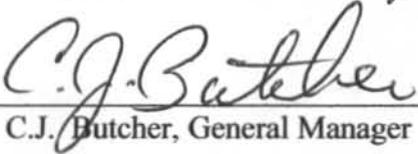
Article 29

Savings Clause

Should any provision of this agreement, or any application thereof, be unlawful by virtue of any federal, State or Local Laws and regulations, such provision of this agreement shall be effective and implemented only to the extent permitted by such laws and regulations. In all other respects, the provisions of this agreement shall continue in full force and effect for the life thereof.

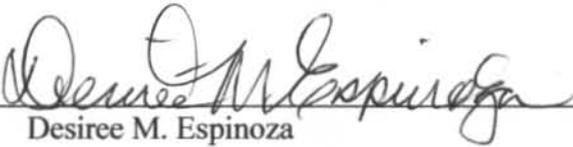
BEAUMONT CHERRY VALLEY WATER DISTRICT

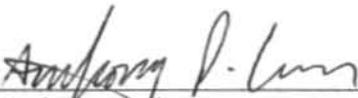
By: 
President of the Board of Directors

By: 
C.J. Butcher, General Manager

EMPLOYEE REPRESENTATIVES

By: 
Emanuel M. Salinas

By: 
Desiree M. Espinoza

By: 
Anthony P. Cove

EXTENSION AGREEMENT

This Extension Agreement is entered into effective December 16, 2009 by and between Beaumont Cherry Valley Water District, hereinafter referred to as the "District", and the Beaumont Cherry Valley Water District Employees Association, hereinafter referred to as the "Association".

RECITALS

Whereas, the District and the Association entered into a Memorandum of Understanding (hereafter "MOU") which sets forth a termination date of December 31, 2008. A copy of the MOU is attached to this Extension Agreement marked Exhibit "A"; and

Whereas, prior to the expiration date of December 31, 2008 the parties mutually agreed to extend the termination date to December 31, 2009;

NOW, THEREFORE, the parties agree to the following:

The MOU shall remain in full force and effect until June 30, 2010 except that employees covered under the MOU shall not be entitled to cost of living increases during this additional six month extension period (January 1, 2010 to June 30, 2010).

BEAUMONT CHERRY VALLEY WATER DISTRICT:

By: Dr. Blair Ball
Dr. Blair Ball, President

Anthony Lara
Anthony Lara, Interim General Manager

BEAUMONT CHERRY VALLEY WATER DISTRICT EMPLOYEE ASSOCIATION:

By: **EMPLOYEE REPRESENTATIVES:**

James M. Bean James M. Bean

Heidi Martin HEIDI MARTIN

Chris Williams Chris Williams

RESOLUTION 2010-09

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT
AMENDING PART 5 OF THE DISTRICT'S
RULES AND REGULATIONS GOVERNING WATER SERVICE
RATES, FEES AND CHARGES**

WHEREAS, the Board of Directors of the Beaumont-Cherry Valley Water District held a public hearing tonight for the purpose of considering the adoption of increased rates, fees and charges;

WHEREAS, the Board of Directors of the Beaumont Cherry Valley Water District has carefully reviewed the Water Rate Study prepared and submitted by Willdan Financial Services dated May 6, 2010 which is attached hereto marked Exhibit "A"; and

WHEREAS, the Board of Directors of the Beaumont-Cherry Valley Water District has carefully reviewed and considered the proposed rate increases as set forth in the proposed amendments to the District's Rules and Regulations which are set forth in the attachment hereto marked Exhibit "B"; and

WHEREAS, the Board of Directors and Staff of the Beaumont-Cherry Valley Water District have determined that written protests submitted do not constitute a majority of affected Customers and Property Owners within the District.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Beaumont-Cherry Valley Water District does hereby adopt the following:

1. **RESOLVED**, that the recommendations set forth in the Rate Study prepared and submitted by Willdan Financial Services, dated May 6, 2010 which is attached hereto and made a part of this Resolution marked Exhibit "A", is hereby accepted and approved; and
2. **RESOLVED**, that Part 5 of Beaumont-Cherry Valley Water District's Rules and Regulations as set forth in Exhibit "B" to this Resolution and made a part of this Resolution and the rates, fees and charges set forth therein are hereby adopted effective June 30, 2010.

ADOPTED, SIGNED AND APPROVED, this 30th day of June of 2010 by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

(SEAL)

ATTEST:

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

Beaumont-Cherry Valley Water District
California



Final Report
Water Rate Study
Modified CIP Bond Issue Option

May 13, 2010



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

May 13, 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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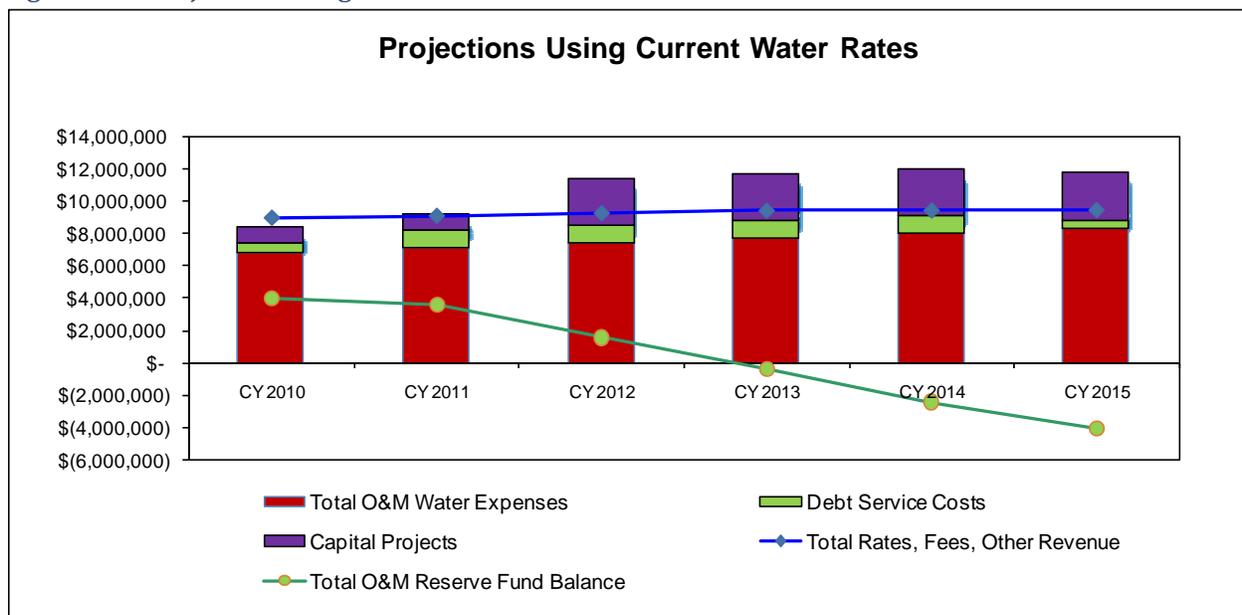
Executive Summary

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.

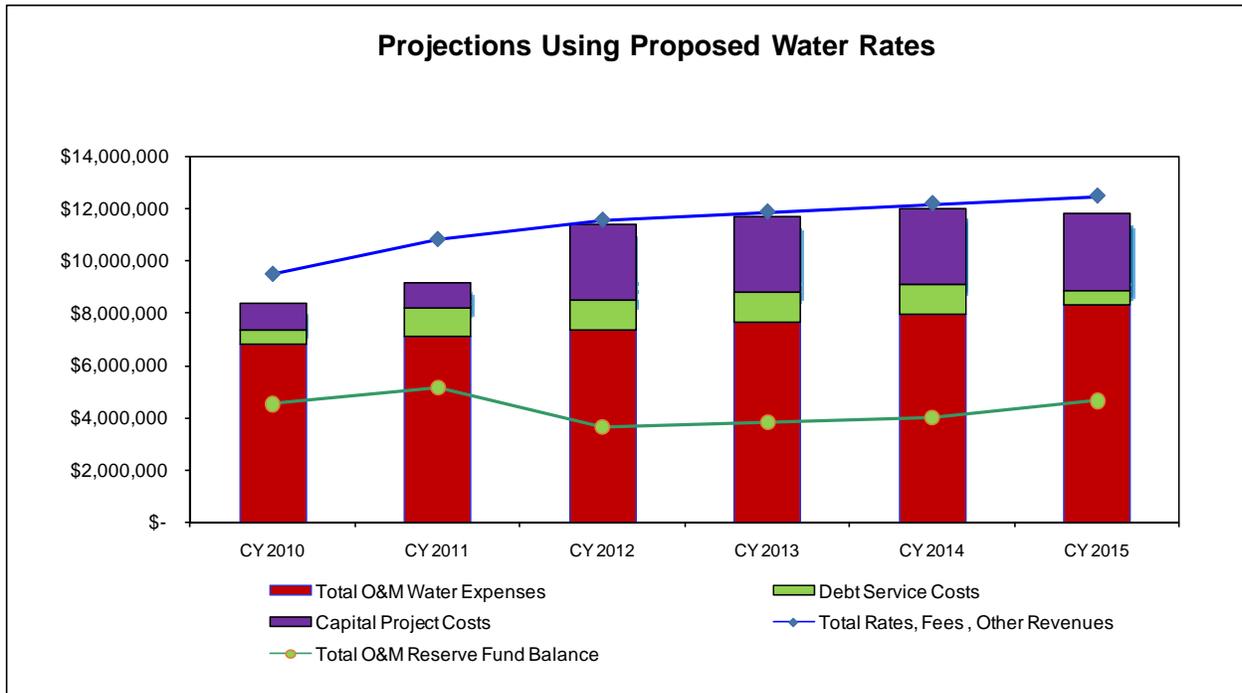
The graph (Figure E-1) below demonstrates the current and projected financial conditions of the water system absent a comprehensive rate restructuring and assuming no rate increases over the next 5 years. As the figure illustrates, holding rate structures and rates constant will result in depleted reserve 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

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

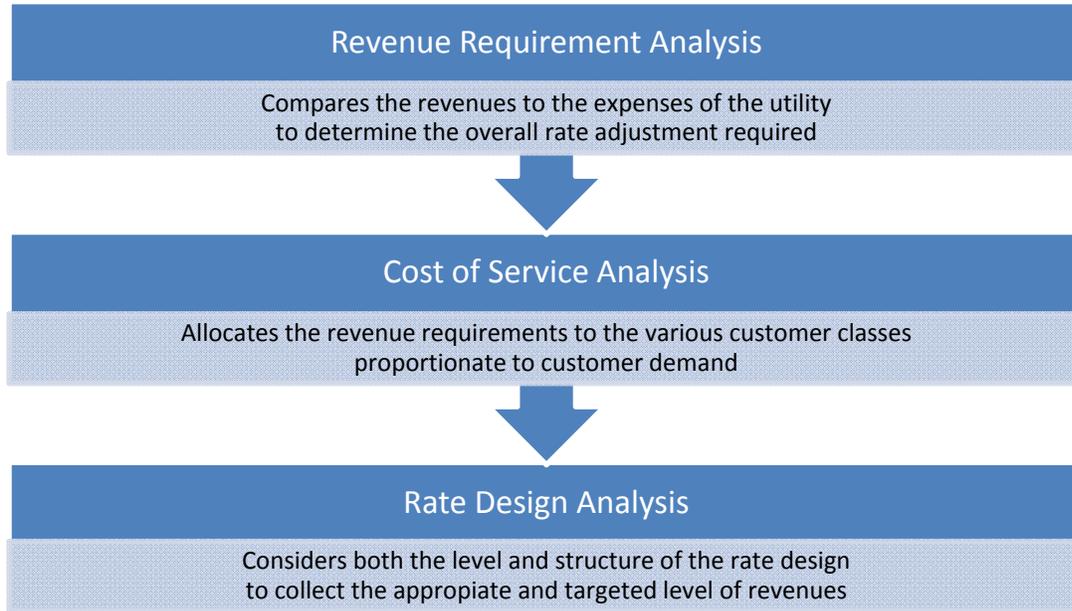
In reviewing the above objectives, it should be noted that the District has limited control over external forces such as growth, consumer behavior, the cost of purchasing water, and system usage. Recognizing these factors, we believe that the recommendations in this study provide a fair, reasonable,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

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

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

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

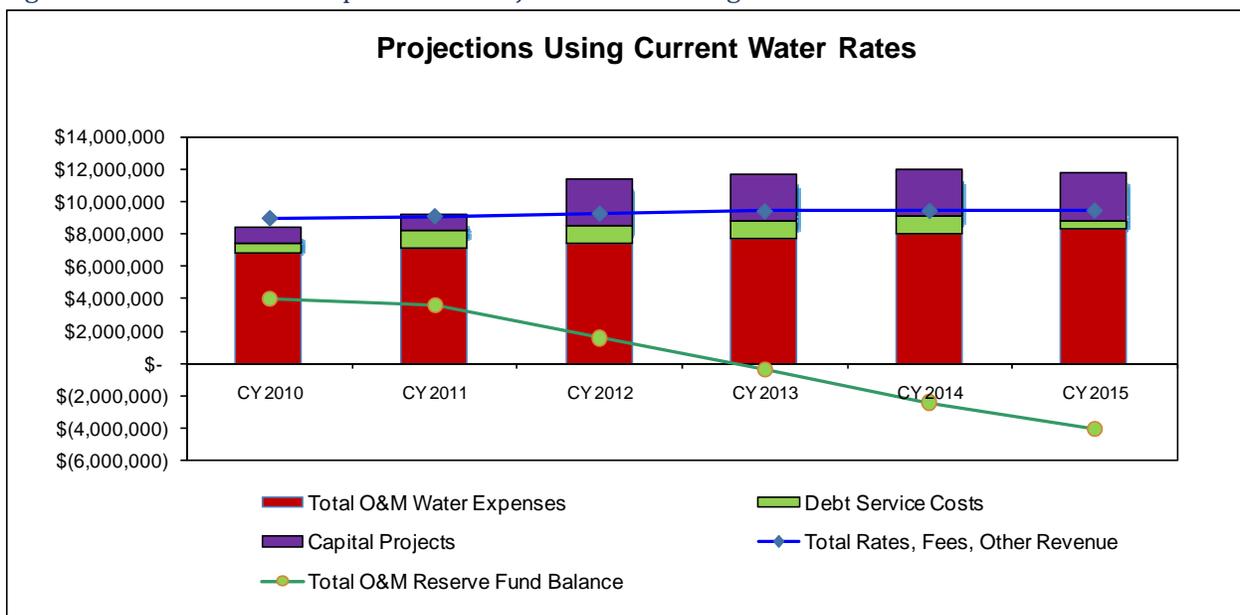
class. Therefore, a true cost of service rate study enables a water utility to adopt rates based on the true costs to each user class. The purposes of this water utility cost of service study include:

- ◆ 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	<u>90,506</u>	<u>92,769</u>	<u>95,088</u>	<u>97,466</u>	<u>99,902</u>	<u>102,400</u>
Total Water Utility Consumption	5,272,155	5,403,959	5,539,057	5,677,534	5,819,472	5,964,959
	Percent of Total					
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	<u>1.7%</u>	<u>1.7%</u>	<u>1.7%</u>	<u>1.7%</u>	<u>1.7%</u>	<u>1.7%</u>
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	Project Name/Description	Funding Source	Projected					Current 2010 -15
			2011	2012	2013	2014	2015	
<u>Production/Conservation</u>								
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
Total Cost in CY 2010 Dollars (CIP funded by Water Rates).			\$ 25,174,000	\$ -	\$ -	\$ -	\$ -	\$ 25,174,000
Total Cost in CY 2010 Dollars (R&R Projects Funded by depreciation)				\$ 224,000	\$ -	\$ -	\$ 3,277,000	3,501,000
Total Construction cost estimates escalated annually by PPI (CIP funded by Water Rates).			\$ 27,338,135		\$ -	\$ -		27,338,135
Total Construction cost estimates escalated annually by PPI (R&R Projects Funded by depreciation)			\$ -	\$ 253,497	\$ -	\$ -	\$ 4,196,879	\$ 4,450,376

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.

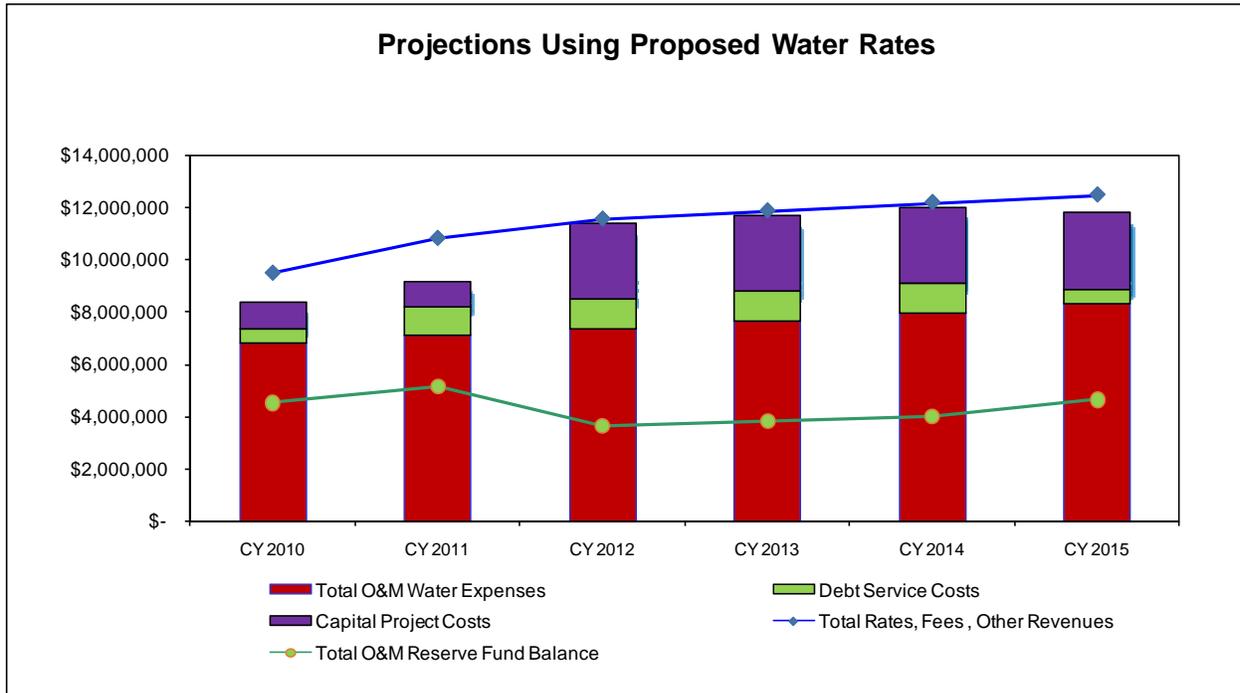
Figure 3-5: Revenue Requirements

Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
Operating Revenue						
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
6 Additional Revenue Required						
7 Year	Revenue Increase	Months Effective				
8 CY 2010	15.00%	6	456,973	936,796	960,215	984,221
9 CY 2011	7.00%	12	-	502,747	515,316	528,198
10 CY 2012	6.00%	12	-	-	472,618	484,433
11 CY 2013	0.00%	12	-	-	-	496,544
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
20 Applications of Operating Funds						
21 Operating Expenses						
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
31 Debt Service						
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
36 Non-Operating Revenue (Expenses)						
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
40 Capital Project Expenses						
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?	-	-	-	-	-	-
46 Fund Information						
47 Description	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015
48 Operating & Maintenance Fund						
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
56 Repair and Replacement Reserve Fund						
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

Description	Total Revenue Requirement	Extra Capacity		Customer Costs		Basis of Classification
		Base	Max Day	Customer Billing	Meters & Services	
SOURCE OF SUPPLY						
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	\$ -	\$ -	
MAINTENANCE & GENERAL PLANT						
Maintenance & General Plant	\$ 472,320	\$ 472,320	\$ -	\$ -	\$ -	100% Base
Total Maintenance & General Plant	\$ 472,320	\$ 472,320	\$ -	\$ -	\$ -	
TRANSMISSION & DISTRIBUTION						
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	
CUSTOMER COSTS						
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%	
GENERAL & ADMINISTRATIVE						
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	
REVENUE-FUNDED CAPITAL PROGRAMS						
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	
DEBT SERVICE						
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	
TOTAL FUNCTIONALIZED COSTS	\$ 8,937,863	\$ 3,594,243	\$ 2,160,065	\$ 913,442	\$ 2,270,113	
FUNCTIONALIZATION FACTOR	100.00%	40.21%	24.17%	10.22%	25.40%	

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

<u>Description (Customer Class)</u>	<u>Current Rates</u>
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

Sources: Beaumont-Cherry Valley Water District.

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

SCE Power Charge - Not to exceed \$0.25 per ccf.
State Project Water Cost Charge - Not to exceed \$0.24 per ccf.

Sources: Beaumont-Cherry Valley Water District.

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

Description (Meter Size)	Current Rates
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

Description (Meter Size)	Current Rates
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>
Rate per ccf	\$ 1.24	\$ 1.37	\$ 1.42	\$ 1.42	\$ 1.42	\$ 1.42
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>
Cost per ccf	\$ 1.29	\$ 1.42	\$ 1.48	\$ 1.48	\$ 1.48	\$ 1.48
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

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>
Rate per ccf	\$ 1.24	\$ 1.37	\$ 1.42	\$ 1.42	\$ 1.42	\$ 1.42
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>
Cost per ccf	\$ 1.20	\$ 1.32	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38
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

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>
Rate per ccf	\$ 0.80	\$ 0.91	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.96
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>
Cost per ccf	\$ 0.88	\$ 1.00	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05
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

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
Rate per ccf	\$ 0.80	\$ 0.91	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.96
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
Cost per ccf	\$ 0.82	\$ 0.93	\$ 0.98	\$ 0.98	\$ 0.98	\$ 0.98
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

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 ¹</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
Power Charge per ccf	\$ 0.32	\$ 0.33	\$ 0.33	\$ 0.34	\$ 0.34	\$ 0.35
State Project Water Costs ²						
State Project Water Costs per ccf	\$ 0.24					

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

2. This charge may be adjusted automatically to reflect the actual state project water costs incurred by the District.

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 ¹	Standby Fees - Minimum Bi-Monthly Charge					
1"	1.00	1.11	1.16	1.20	1.25	1.30	1.35
2"	6.19	6.88	7.16	7.44	7.74	8.05	8.37
4"	38.32	42.59	44.30	46.07	47.91	49.83	51.82
6"	111.31	123.73	128.68	133.82	139.18	144.74	150.53
8"	237.21	263.67	274.21	285.18	296.59	308.45	320.79
10"	426.58	474.16	493.13	512.85	533.37	554.70	576.89
12"	689.04	765.90	796.54	828.40	861.54	896.00	931.84

¹ 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
<u>BI-MONTHLY METER CHARGE</u>							
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
<u>BI-MONTHLY METER CHARGE</u>							
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
3/4"	1.50	17.25	22.50	25.56	27.01	27.01	27.01
1"	2.50	28.00	37.50	42.60	45.02	45.02	45.02
1 1/2"	5.00	54.00	75.00	85.20	90.05	90.05	90.05
2"	8.00	85.00	119.99	136.32	144.07	144.07	144.07
3"	16.00	159.00	239.98	272.64	288.14	288.14	288.14
4"	25.00	262.00	374.98	426.00	450.23	450.23	450.23
6"	50.00	522.00	749.95	852.00	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
10"	115.00	1,198.00	1,724.89	1,959.60	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

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						
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

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

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

Sources: Beaumont-Cherry Valley Water District.

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

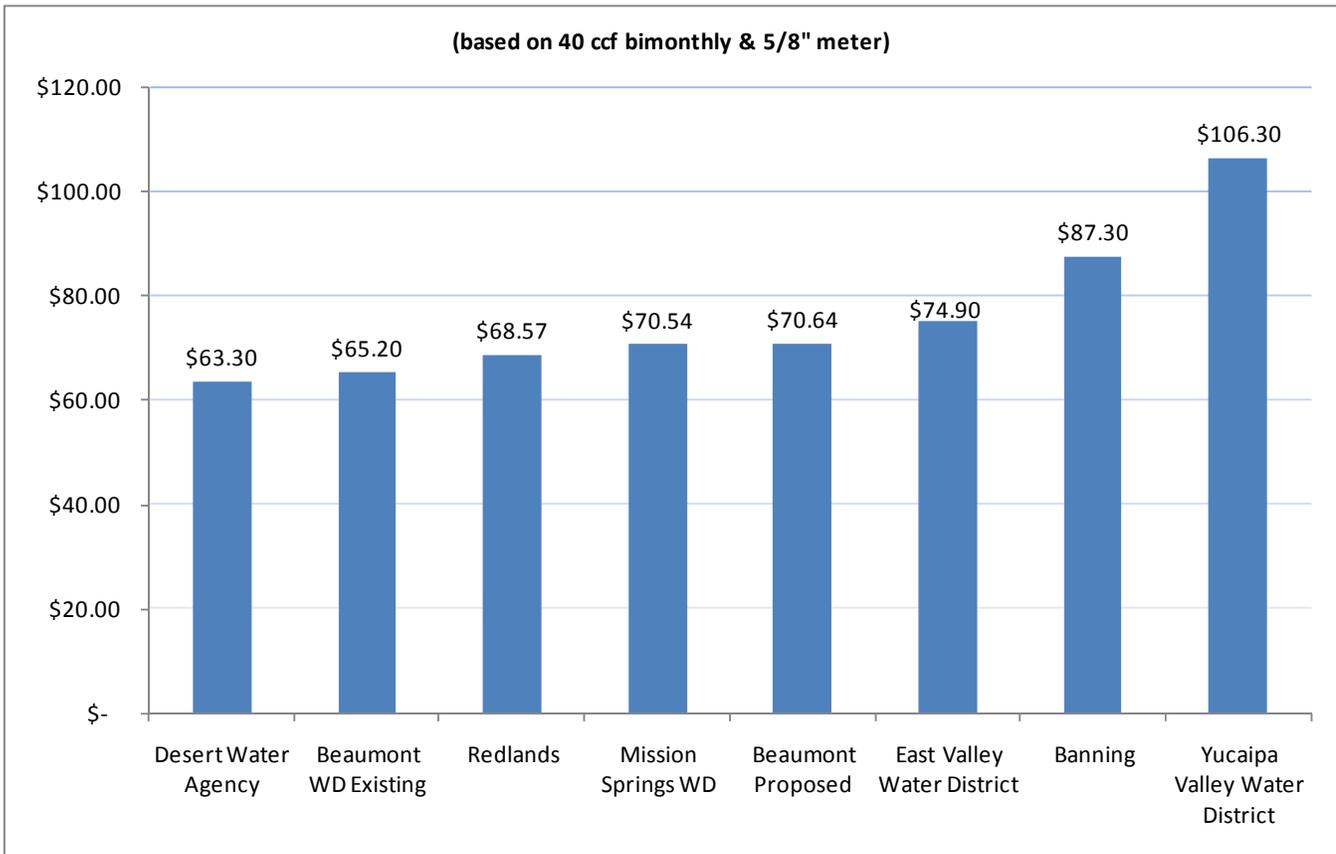


Figure 3-24: Bi-Monthly Comparative Water Rates – Surrounding Utilities

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 \$0.24 per ccf	Not to exceed \$0.25 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 \$0.24 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		

**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.

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.

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
<u>BI-MONTHLY METER CHARGE</u>								
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 ¹	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) ¹	\$ 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) ¹	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
<i>PASS THROUGH SURCHARGES ¹</i>						
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
Power Charge per ccf	\$ 0.32	\$ 0.33	\$ 0.33	\$ 0.34	\$ 0.34	\$ 0.35

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

State Project Water Charges (Same as existing charge)

	7-1-10	1-1-11	1-1-12	1-1-13	1-1-14	1-1-15
State Project Water Costs ¹						
State Project Water Costs per ccf	\$ 0.24					

1. This charge may be adjusted automatically to reflect the actual state project water 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	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 ¹	Standby Fees - Minimum Bi-Monthly Charge					
		7-1-10	1-1-11	1-1-12	1-1-13	1-1-14	1-1-15
1"	1.00	1.11	1.16	1.20	1.25	1.30	1.35
2"	6.19	6.88	7.16	7.44	7.74	8.05	8.37
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

¹ 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)

REGULATIONS GOVERNING WATER SERVICE

PART 5 CHARGES

5-1 SERVICE CHARGE:

5-1.2 GENERAL PROVISIONS:

5-1.1.1 DOMESTIC – For all metered service connections located within or outside the boundaries of the District, a bimonthly charge for domestic water service will consist of a service charge (base rate or minimum bill) plus a charge for water used.

5-1.1.2 SCHEDULE IRRIGATION – A charge for distribution of scheduled irrigation water through permanently set meters, transferable meters, sprinkler systems shall be determined from time to time on a schedule prepared by the Board.

5-1.1.3 DOMESTIC IRRIGATION – A charge for distribution of domestic irrigation water through established domestic service connection, or in some other fashion, will be determined as set forth in Part 13 of these regulations.

5-1.1.4 MULTIPLE RESIDENTIAL – Where a premises containing multiple residential housing units is served by one (1) meter or service connection, every living units (dwelling units) will be equal to two-thirds (2/3) of domestic service charge.

5-1.1.5 MULTIPLE COMMERCIAL – Where a premises containing multiple commercial units is served by one (1) meter or service connection, every two (1) commercial units will be equal to two-thirds (2/3) of commercial service charge.

5-1.2 FIXED WATER CHARGE

DOMESTIC SERVICE CHARGE:

Meter Size	Effective 7/1/2010	Effective 1/1/2011	Effective 1/1/2012	Effective 1/1/2013	Effective 1/1/2014	Effective 1/1/2015
5/8"	\$15.00	\$17.04	\$18.01	\$18.01	\$18.01	\$18.01
3/4"	\$22.50	\$25.56	\$27.02	\$27.02	\$27.02	\$27.02
1"	\$37.50	\$42.61	\$45.03	\$45.03	\$45.03	\$45.03
1 1/2"	\$75.01	\$85.21	\$90.06	\$90.06	\$90.06	\$90.06
2"	\$120.01	\$136.34	\$144.09	\$144.09	\$144.09	\$144.09
3"	\$240.02	\$272.67	\$288.18	\$288.18	\$288.18	\$288.18
4"	\$375.03	\$426.05	\$450.28	\$450.28	\$450.28	\$450.28
6"	\$750.05	\$852.10	\$900.55	\$900.55	\$900.55	\$900.55
8"	\$1,200.08	\$1,363.36	\$1,440.88	\$1,440.88	\$1,440.88	\$1,440.88
10"	\$1,725.12	\$1,959.83	\$2,071.27	\$2,071.27	\$2,071.27	\$2,071.27
12"	\$2,325.16	\$2,641.51	\$2,791.71	\$2,791.71	\$2,791.71	\$2,791.71

REGULATIONS GOVERNING WATER SERVICE

PAGE 5-2

MULTIPLE RESIDENTIAL SERVICE CHARGE:

Charge to be determined as set forth in 5-1.1.4 above or by meter size, whichever is greater.

COMMERCIAL SERVICE CHARGE:

Meter Size	Effective 7/1/2010	Effective 1/1/2011	Effective 1/1/2012	Effective 1/1/2013	Effective 1/1/2014	Effective 1/1/2015
5/8"	\$15.00	\$17.04	\$18.01	\$18.01	\$18.01	\$18.01
3/4"	\$22.50	\$25.56	\$27.02	\$27.02	\$27.02	\$27.02
1"	\$37.50	\$42.61	\$45.03	\$45.03	\$45.03	\$45.03
1 1/2"	\$75.01	\$85.21	\$90.06	\$90.06	\$90.06	\$90.06
2"	\$120.01	\$136.34	\$144.09	\$144.09	\$144.09	\$144.09
3"	\$240.02	\$272.67	\$288.18	\$288.18	\$288.18	\$288.18
4"	\$375.03	\$426.05	\$450.28	\$450.28	\$450.28	\$450.28
6"	\$750.05	\$852.10	\$900.55	\$900.55	\$900.55	\$900.55
8"	\$1,200.08	\$1,363.36	\$1,440.88	\$1,440.88	\$1,440.88	\$1,440.88
10"	\$1,725.12	\$1,959.83	\$2,071.27	\$2,071.27	\$2,071.27	\$2,071.27
12"	\$2,325.16	\$2,641.51	\$2,791.71	\$2,791.71	\$2,791.71	\$2,791.71

MULTIPLE COMMERCIAL SERVICE CHARGE:

Charge to be determined as set forth in 5-1.1.5 above or by meter size, whichever is greater.

OUTSIDE SERVICE CHARGE:

1)	5/8"	\$24.00
2)	3/4"	\$34.50
3)	1"	\$56.00
4)	1 1/2"	\$108.00
5)	2"	\$170.00
6)	3"	\$316.00
7)	4"	\$524.00
8)	6"	\$1044.00
9)	8"	\$1,668.00
10)	10"	\$2,396.00
11)	12"	\$4,476.00

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PRIVATE FIRE SERVICE CHARGES:

Meter Size	Effective 7/1/10	Effective 1/1/11	Effective 1/1/12	Effective 1/1/13	Effective 1/1/14	Effective 1/1/15
4"	\$42.59	\$44.30	\$46.07	\$47.91	\$49.83	\$51.82
6"	\$123.73	\$128.68	\$133.82	\$139.18	\$144.74	\$150.53
8"	\$263.67	\$274.21	\$285.18	\$296.59	\$308.45	\$320.79
10"	\$474.16	\$493.13	\$512.85	\$533.37	\$554.70	\$576.89
12"	\$765.90	\$796.54	\$828.40	\$861.54	\$896.00	\$931.84

5-1.2.1 GENERAL PROVISIONS – When service is started or discontinued during the month, the charge will be determined as follows:

- 1) Permanent Service Connection:
 - a) For service connections started after the 1st day of the billing period, the service charge will be pro-rated.
 - b) For service connections discontinued within the billing period, the service charge will be pro-rated.
- 2) Temporary Service Connection – The charge shall be determined on a schedule prepared by the Board.

5-1.3 CHARGE FOR WATER USED (Quantitative):

Description	Effective 7/1/10	Effective 1/1/11	Effective 1/1/12	Effective 1/1/13	Effective 1/1/14	Effective 1/1/15
Domestic (Single -Family Residential)						
Block 1 Rate (0-44 ccf)	\$0.80	\$0.91	\$0.96	\$0.96	\$0.96	\$0.96
Block 2 Rate (45+ ccf)	\$0.88	\$1.00	\$1.05	\$1.05	\$1.05	\$1.05
Multi-Family Residential						
Block 1 Rate (0-35 ccf)	\$0.80	\$0.91	\$0.91	\$0.91	\$0.91	\$0.91
Block 2 Rate (36+ ccf)	\$0.82	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93
Commercial/Fire Service						
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
Schedule Irrigation	\$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

5-1.3.1 SCE POWER CHARGE – Is the cost of electricity to pump and deliver water to the end user (home owner/water user). It includes all SCE charges for operation of pumps and wells in the water system. Beaumont Cherry Valley Water District uses SCE Time of Use (off peak) rates to limit the cost to the water user not to exceed \$0.33 per 100 cubic feet.

5-1-3.2 State Project Water – The cost to the end user (Rate Payer) for imported water supplies to offset existing groundwater overdraft not to exceed \$0.24 per 100 cubic feet. **NOTE:** Groundwater Overdraft occurs when more water is pumped out of the groundwater system than that that is naturally replaced.

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5-1.2.3 ESTIMATING WATER USAGE – Where the District is unable to read a meter, if meter is damaged or is not operational, the water usage will be determined on the basis of past bi-monthly meter readings or it will be estimated as described below.

- 1) The average meter reading for the four (4) preceding months;
or
- 2) An estimate of water delivered based either upon the consumer's prior use during the same season of the year or upon a reasonable comparison with the use of other consumers receiving the same class of service during the same period and under similar circumstances and conditions.

5-1.4 MINIMUM CLOSING BILL – The closing bill will be based upon charges applicable on the date service is discontinued.

5-2 WATER SERVICE INSTALLATION CHARGE – The charges for the installation of a service connection at all locations are determined from time to time by the Board and a schedule of those charges is listed below:

METER SIZE	NON-TRACT	TRACT
5/8" X 3/4"	2,622	335
3/4"	2,645	357
1"	2,692	430
1 1/2"	3,733	847
2"	3,830	956

Larger than 2" meters will be billed on a time and material basis.

Tract installations are lower as water service has previously been installed by developer.

The charge is for physical installation of meter, box, lateral, and appurtenances and is determined from time to time by the Board of directors.

5-2.1 TURN-ON – There is no charge to turn on a service connection for which proper application has been made and approved if the turn-on can be made after 8:00 a.m. and before 3:30 p.m.

The charge for any authorized turn-on made after 3:30 p.m. and before 8:00 a.m. will be on a time and material basis.

The charge for an unauthorized turn-on will be on a time and material basis.

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5-2.2 FIRE SERVICE INSTALLATION DEPOSIT:

Fire hydrant installation deposit:

- Installation Deposit \$10,000

Fire Service Installation deposit:

- 4" Fire Service \$12,100
- 6" Fire Service \$12,500
- 8" Fire Service \$13,500
- 10" Fire Service \$15,000
- 12" Fire Service \$16,500

Fire service installation will be installed by the District at the consumer's request and shall be installed at a time and material basis. Additional building and/or credits will be issued following installation and acceptance of the installation.

5-2BACKFLOW ADMINISTRATIVE CHARGE – A service connection with a backflow preventive device installed is subject to a bi-monthly charge of \$6.67, equivalent to \$40 per year.

5-5 FACILITIES CHARGE:

5-5.1 SCHEDULES

5-5.1.1 SINGLE FAMILY RESIDENTIAL – Includes condominiums, townhouses and planned residential developments. The facilities fee is \$10,122 per equivalent dwelling unit (EDU).

NOTE: Where fire flow exceeds gpm for a two-hour duration, each development will pay their pro-rata share for extra fire protection storage equal to \$.05 per gallon per minute.

5-5.1.2 MULTIPLE FAMILY RESIDENTIAL PROPERTY – The cost is based on an equivalent dwelling unit (EDU), including apartments, duplexes and mobile home parks. Cost per EDU is \$6,073.

5-5.1.3 COMMERCIAL PROPERTY – commercial property shall be calculated on a case-by-case basis, comparing the projected water use by the commercial center, motels and hotels to that of an equivalent dwelling unit (ED) (580 gallons per day per EDU).

5-5.1.4 INDUSTRIAL PROPERTY – Industrial facilities fees will be based on a case-by-case basis, comparing the projected water use by the industrial facility to that of an equivalent dwelling unit (EDU) (580 gallons per day per EDU).

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NOTE: Facilities Fees for developments requiring fire flows greater than the baseline 1,000 gpm for a two-hour duration will be adjusted to account for additional storage required. The adjustment cost is based on the Master Plan fire flow and durations.

Supply	
Wells	\$1,936
Water Rights (SWP)	\$1,225
Water Treatment Plant	\$ 921
Local Water Resources	\$ 485
Recycled Water Facilities	\$1,402
	\$5,969
Transmission (=16")	\$1,568
Storage	\$2,008
Booster	\$ 139
Pressure Reducing Stations	\$ 71
Miscellaneous Projects	\$ 62
	\$9,818
Financing Costs	\$ 305
Total with Financing Costs	\$10,122

5-5.1.5 FOR SCHEDULED IRRIGATION PROPERTY – Per meter:

<u>METER SIZE</u>	<u>AMOUNT OF FEE</u>
1 inch	\$1,000.00
1 ½ inch	2,000.00
2 inch	3,000.00

5-5.2 MISCELLANEOUS CHANGES, UPGRADES, DOWNGRADES AND ADDITIONAL UNITS:

5-5.2.2 SCHEDULED IRRIGATION METER EXCHANGE– Where a property or lot has been previously served by a scheduled irrigation meter, as defined in Part 13 of these Regulations, the property owner may exchange his 1” or 1 1/2” or 2” scheduled irrigation meter for a 5/8” domestic meter. The exchange shall occur without additional Facilities Fee requirements.

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Installation and retirement costs. The applicant shall be responsible for water service installation charges per Section 5-2. Additionally, the applicant shall reimburse the District for labor and equipment costs associated with the retirement of the scheduled irrigation meter.

Additionally, applicant shall pay all costs for installation of 5/8" Domestic Meter and Service pursuant to section 5-2; Water Service Installation Charge.

5-5.2.3 DOWNGRADES – Where a meter is exchanged for a smaller meter, no facilities charge will be imposed and no refund or credit will be made or given.

5-5.2.4 ADDITION OF DWELLING/COMMERCIAL UNITS – Where additional dwelling or commercial units are created by the addition to or division or remodeling of any existing, free standing single family or multiple family residential structure or of any existing, free standing commercial or multiple commercial structure, a facilities charge shall be imposed on each such unit as per the schedules set forth above in subsection 5-5.1.2 and 5-5.1.4 as appropriate.

5-5.2.4.1 MULTIPLE FAMILY RESIDENTIAL RATE – The multiple family residential rate shall apply to the multiple dwelling units in each free standing multiple residential structure on a property; each additional free standing multiple family residential structure on that same property will require a separate meter and a facilities charge will be imposed on each dwelling unit therein per subsection 5-5.1.2 above.

5-5.2.4.2 MULTIPLE COMMERCIAL PROPERTY RATE – The multiple commercial property rate shall apply to the commercial units in each free-standing commercial structure on a property; each additional free standing multiple commercial structure on that same property will require a separate meter, and a facilities charge will be imposed on each commercial unit therein per Subsection 5-5.1.4 above.

5-6 MISCELLANEOUS CHARGES:

5-6.1 RESTORATION OF SERVICE CHARGE – In all cases, a charge will be made for restoration of water service, the amount of which will be the actual costs incurred by the District.

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5-6.2 METER TESTING – The following charges will be imposed for testing meters:

1)	In-house	5/8" to 1" meters	\$ 30.00
		1 ½" to 2" meters	200.00
2)	Outside	5/8" to 1" meters	\$ 50.00
		1 ½" to 2" meters	250.00

5-6.3 INSPECTION CHARGES:

5-6.3.1 AMOUNT – Inspection charges shall be based on the estimated cost of the actual inspection and shall be estimated by the District Engineer. All estimated inspection costs shall include an additional contingency deposit equal to 135% of the Engineers estimate.

5-6.3.2 DEPOSIT – The applicant shall deposit the estimated cost of the inspection prior to the start of construction. When the inspection charges exceed 75 percent of the deposit, the applicant shall make additional deposits as required, by the District prior to any additional inspection.

5-6.4.1.1 REFUND – The District will refund any excess funds within 30 days of acceptance of the facilities by the District.

5-6.5 PLANNING:

5-6.4.1 DEPOSIT PLAN CHECK CHARGE – All deposits shall be in the amount of \$5,000 for all sub-divisions.

5-6.4.2 MAIN EXTENSION PLAN CHECK DEPOSIT – Where the Applicant is requesting service to a lot or lots that require Main Extension, the Districts General Manager shall estimate the deposit for planning, engineering and administration for Main Extensions to serve one or more lots.

5-6.4.2 PLAN CHECK CHARGE – The charge for reviewing and checking the drawings for a water main extension, as provided for in Subsection 8-3.6 is determined by actual costs incurred. Hours will be computed to the nearest one-half hour.

5-6.5 FRONT FOOTAGE FEES/REIMBURSEMENT AGREEMENT– Where a Reimbursement Agreement (or an agreement of like or similar kind) exists, the applicant shall pay the district the amount specified in the Reimbursement Agreement or as required in section 5-6.5.1

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5-6.5.1 RESIDENTIAL SERVICE NO REIMBURSEMENT AGREEMENT –

Where there is no “Reimbursement Agreement” the applicant shall pay to the District the sum of \$28.50 per foot for the pipeline crossing the frontage.

5-6.5.2 COMMERCIAL SERVICE NO REIMBURSEMENT AGREEMENT –

Where there is no “Reimbursement Agreement” the applicant shall pay to the District the sum of \$35.00 per foot for the pipeline crossing the frontage.

5-6.5.3 FRONT FOOTAGE FEES, CORNER LOT: Where a corner lot requesting water is not subject to a reimbursement Agreement, the fees will be equal to those set forth in the preceding Subsection for all frontages.

5-9 RELOCATION – The charge for the relocation of facilities other than a meter or permanent service connection is determined by the Board.

5-10 DEPOSIT AND CHARGES FOR RECYCLING/RECLAMATION STUDY –

The applicant for new commercial/industrial service shall deposit \$250.00 for engineering study to determine the feasibility of on site recycling/reclamation as determined by the General Manager. If the actual study cost of such study as performed is more or less than said deposit, the applicant shall pay the difference upon receipt of an invoice therefore by the District or shall be given a credit against other charges, as appropriate.

5-11 PAYMENT – Any charges, as may be required, shall be paid prior to the District issuing a financial arrangements letter to any public or private agency, State of California, or prior to the District providing service, whichever comes first.