

**RECORD OF THE MINUTES OF THE
SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
BEAUMONT CHERRY VALLEY WATER DISTRICT
December 22, 2011**

Call to Order, President Ball

President Ball called the meeting to order at 3:00 p.m., 560 Magnolia Avenue, Beaumont, California.

Pledge of Allegiance, Director Ross

Director Guldseth led the pledge.

Invocation, Director Guldseth

Director Woll recited an invocation.

Roll Call

Present at this meeting were President Ball, Vice President Woll, Directors Guldseth, Halliwill and Ross, Legal Counsel James Markman, General Manager Eric Fraser and Executive Assistant Blanca Marin.

Public that registered their attendance were: Dennis Wagner, Lindsey Burcham, Ronald Williams, Fran Flanders, Nicholas Pantino, Kyle Warsinski, Niki Magee, Patsy Reeley, Stella Parks, Claudia Garcia, Samantha Garcia and John Hull.

Public Input

Director Ross invited Fran Flanders to address the Board. Ms. Flanders expressed concern regarding the proposed budget and staffing plan.

ACTION ITEMS

1. Adoption of the Agenda

Director Halliwill moved adoption of the agenda as presented, seconded by Director Ross, motion carried unanimously.

2. Consider the Adoption of the 2012 Operating Budget and Associated Staffing plan, Job Descriptions and Salary Resolution to Implement a New Organizational Structure for the District; and Directing Staff to Implement Layoff Procedures in Accordance with Applicable Laws, Rules and Regulations as indicated in Resolution No. 2011-09 **

Mr. Dennis Wagoner, an attorney who may represent impacted district employees addressed the Board regarding the staffing plan. Legal Counsel James Markman responded to Mr. Wagoner's comments.

General Manager Fraser outlined the issues as presented in the staff report and proposed budget. Mr. Fraser further explained that the Capital Improvement Budget will be presented at a future date once new District finance staff have evaluated the financial condition of the District. Director Halliwill moved to accept the proposal as presented with the authority of the General Manager to make non-substantive changes as necessary to address various continuity and minor typographical issues in the document and resolution. There was discussion of examples of the minor changes Mr. Halliwill referred to in his motion. Director Ross inquired about leave accrual liabilities. Mr. Fraser indicated that they are addressed in the CAFR report and could be presented to the Finance and Audit Committee for review. President Ball inquired as to the

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expected changes in energy costs. Assistant General Manager Lara indicated in his discussion with SCE, we can expect about a 10-12% increase. Staff has budgeted appropriately for this increase. Director Ross also inquired about the changes in propane costs associated with District owned housing. General Manager Fraser explained that the costs associated with utilities for the District owned homes are balanced with the revenues received from the residents who live in those homes. There is no impact to the ratepayer for utility costs associated with the District houses. Director Ross had additional questions regarding capital improvement charges, election, retirement, health and other benefit costs. General Manager Fraser indicated that the proposed budget includes anticipated increases for the retirement costs and that the election costs will be addressed when a better estimate from the County Registrar of Voters is available. Director Woll appreciated the methods utilized to prepare the current budget utilizing projections of future costs. General Manager Fraser stated the District wants to get working on capital projects and has budgeted for part-time heavy equipment operators as well as grade checkers that will be utilized to construct various capital projects.

Director Halliwill moved to approve the item. Director Ball seconded. The motion passed 5-0.

3. Discussion and Possible Action Regarding of the Transfer of Land Originally Designated for Recharge Activities in the Noble Creek Development Area.

Luwana Ryan wanted to comment due to the lack of specifics regarding the transfer of land. Item was brought back to the Board so the Board could discuss and decide on the District's appropriate response to the City of Beaumont's December 6th resolution to offer the land to the Beaumont-Cherry Valley Recreation & Parks District. This land was involved in a lawsuit against the City of Beaumont and some land owners. Per the lawsuit's stipulated judgment, the land owners will provide approximately 15 acres of land to be used by the Beaumont-Cherry Valley Water District to construct recharge facilities along the Noble Creek. The City of Beaumont has offered the land to the Beaumont-Cherry Valley Recreation & Parks District instead contrary to the stipulated judgment. Director Ball asked General Manager Fraser whether or not he had communication with the Beaumont City Manager since December 6th. General Manager Fraser stated he had no communication with the City regarding the land. Director Ball requested that the Board draft a letter to the City of Beaumont's elected officials with a copy provided to the Beaumont-Cherry Valley Recreation & Parks District to discuss the matter. Director Woll agreed the District has first rights to the property per the stipulated agreement and the property can only be offered to the Beaumont-Cherry Valley Recreation & Parks District if the Water District refused the property. Per General Manager Fraser and Assistant General Manager Lara, the property has never been refused by the District. The District requested the property via their attorneys in 2009. Discussions were held regarding the appropriate manner in which to proceed. Patsy Reeley asked for copies of letters to provided to affected customers. The Board agreed to do so and to send a letter to the City of Beaumont to resolve the matter.

4. ADJOURNMENT

President Ball adjourned the meeting at 4:25 p.m.

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Dr. Blair Ball

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

Attest:

Kenneth Ross

Kenneth Ross, Secretary to the
Board of Directors of the
Beaumont Cherry Valley Water District