



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, February 12th, 2014**

Call to Order, President Woll

President Woll began the meeting at 7:01 p.m.

Pledge of Allegiance, President Woll

President Woll led the pledge.

Invocation, Director Slawson

Director Slawson led the invocation.

Roll Call

Present at the meeting were President Woll, Directors Ball, Guldseth, Ross and Slawson. Legal Counsel: James Markman. District Staff: General Manager: Eric Fraser, Director of Operations: Anthony Lara, Director of Engineering: Dan Jagers, Director of Finance and Administrative Services: Melissa Bender, and Senior Finance and Administrative Analyst: Dawn Jorge. Public that registered their attendance were: Lee Birchard, Minnie Birchard, Barbara H. Brown, Fran Flanders, Patsy Reeley, Joe Zoba, Bruce Granlund, Lonni Granlund, B Voigt, Ken Falls, Mary Ann Melleby, Rhea Weber, Duane Burk and Ted Haring.

Public Comment

No public comment was received at this time.

ACTION ITEMS

1. Adoption of the Agenda (pages 1-3)

General Manager Fraser advised the Board there were no changes to the Agenda.

2. Consent Calendar: All matters listed under the Consent Calendar are considered by the Board of Directors to be routine and will be enacted in one motion. There will be no discussion of these items prior to the time the Board considers the motion unless members of the Board, the administrative staff, or the public request specific items to be discussed and/or removed from the Consent Calendar.

- a. December 2013 Budget Variance Report Review** (pages 3-8)
- b. December 31st, 2013 Cash/Investment Balance Report** (pages 9-10)
- c. January 2014 Check Register Review** (pages 11-27)
- d. January 2014 Invoices Pending Approval** (pages 28-31)
- e. Minutes of the Regular Meeting January 8th, 2014** (pages 32-35)

Director Ross motioned to approve the items of the consent calendar. The motion was seconded by Director Guldseth and passed 5-0.

3. Oral Report-Update on Solar Power Opportunities

Director of Engineering Jagers presented to the Board research conducted on solar power opportunities which may be available to the District.

Public Comment on Item:

Duane Burk, Public Works Director for the City of Banning, advised the Board that the City of Banning is currently doing in-line generators with hydros and that may be also be something that the Board may wish to consider.

After discussion, Director Ball motioned for Staff to conduct further investigation on the use of solar power. Director Guldseth seconded the motion and it passed 5-0.

4. Discussion & Possible Action to Adopt a Resolution Supporting Regional Water Conservation Efforts in Conjunction with the San Gorgonio Pass Regional Water Resource Alliance

Director Ball discussed his participation on the committee with the Alliance and possible joint conservation efforts the District may be able to participate in, and perhaps be the lead agency on. However, due to the declaration of a drought by the State, Director Ball would like to postpone the discussion while he gets additional information.

After discussion, Director Slawson motioned for Director Ball to continue his work with the Alliance and conservation research. Director Ross seconded the motion and it passed 5-0.

5. Discussion Regarding State Project Water Availability and San Gorgonio Pass Water Agency Projects & Activities (pages 36-38)**

Public Comment on Item:

Jeff Davis, General Manager of the San Gorgonio Pass Water Agency (SGPWA), wished to advise the Board of corrections to statements included in the Agenda package. Per Mr. Davis, there are two corrections on page 36 of the Agenda package. In regards to the final paragraph under "Background", Mr. Davis advised the Board that for over a year SGPWA has been in negotiations for some of this water with verbal updates provided to the SGPWA Board at their public meetings, and a portion of this water will probably be received in 2015, assuming there is water available during that year. The negotiation of the final terms on this deal are on hold, pending external issues that impact all such deals around the State. The second correction is to the final statement under "Fiscal Impact". Mr. Davis stated that no costs exceeding the approved water rate have been passed on to the BCVWD District customers or any other customers. The rate was adopted in 2009 and has not changed since. The BCVWD District Staff actively participated in this rate structure and even reflected preferences which were made by the Staff.

General Manager Fraser updated the Board that the "Zero Percent Allocation" was learned about via a news press release rather than communications of

this information by the SGPWA to the District, nor any of the other agencies which purchase water from the SGPWA.

In addition, General Manager Fraser stated that Mr. Davis has informed him that the SGPWA is planning on retaining some carry over water for its own use and potential exchange deals with others. However, the District is out of the loop on such deals and hasn't been able to participate in the decision-making involved in them, which may create some severe impacts on the District as the demand for State Project Water increases. In addition, there has been some news that the Governor may exercise emergency powers to reallocate the carryover water which may then make the carryover water not available.

In response to Mr. Davis' public comments, General Manager Fraser indicated to the Board that he has not seen formally agendaized discussion items nor discussion on the deal points of the purchase of surplus water during any of the SGPWA's meetings that he has attended.

General Manager Fraser then discussed the following items of concern:

- The SGPWA continuing to move ahead with their new recharge facility without demonstrating a need or a plan on the usage of the water to be put into the facility*
- A component of the rate being charged for new water but no new state water has been purchased*
- The surcharge for the Cherry Valley Pump Station which has been demonstrated to not be necessary in all conditions*
- Draft policies giving priority to use of available water for SGPWA recharge activities rather than retailer needs*
- Priority of deliver policies impacts during shortage years without considering catch up on recharge in following years*
- Prior year adjustments for excess charges*
- Rate structure adopted and in use expected low sales, which is not actually occurring*
- San Bernardino Valley Municipal Water District allocation in excess of their usage that is being sold, but not on the SGPWA Agendas as a discussion to purchase the water*

After discussion, Director Ross motioned for General Manager Fraser to continue to pursue logical answers to the questions raised and make sure that the stewardship of the rate payers' money has been dually followed. Director Guldseth seconded the motion and it passed 5-0.

6. Reports for Discussion

a. Ad Hoc Committees

No reports were made.

b. General Manager

General Manager Fraser updated the Board on the Noble Creek Recharge Facilities-Phase II Project and the need for all agencies to work in cooperation to conserve water.

c. Directors Reports

Director Ball attended a number of Pass Agency meetings in which they discussed funding their retirement program and decided to fully fund it now. Director Ball also attended an Alliance meeting in which they discussed a program called ERNIE where agencies would support one another during emergencies.

d. Legal Counsel Report

No report was made.

7. Announcements

- District Offices will be closed February 17th, 2014 in observance of President's Day
- Finance & Audit Committee meeting, March 6th, 2014 at 3:00 p.m.
- Regular Board meeting, March 12th, 2014 at 7:00 p.m.

President Woll made the announcements above.

8. Action List for Future Meetings

- Schedule a workshop to discuss the landscape for the Noble Creek Recharge Phase II Project with the public
- Discussion of facilities fees for new construction
- Update the Board on Infosend after one year
- Update the Board on solar project possibilities
- Report by the General Manager in closed session on contamination detection

9. Recess to Closed Session


- a. Conference with Labor Negotiators pursuant to Government Code 54957.6:
Agency Negotiator: Eric Fraser
Represented Employees: BCVWD Employee Association

General Manager Fraser advised the Board that this item was not necessary this evening.

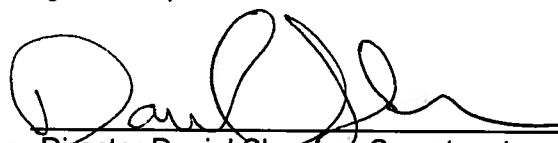
10. Adjournment

President Woll adjourned the meeting at 8:37 p.m.

Attest:



Director Ryan Woll, President of the
Board of Directors of the
Beaumont-Cherry Valley Water District



Director Daniel Slawson, Secretary to
the Board of Directors of the
Beaumont-Cherry Valley Water District

** Information included in the agenda packet