



**BEAUMONT-CHERRY VALLEY WATER DISTRICT AGENDA
MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, June 8th, 2016
Regular Session 7:00 p.m.**

Call to Order, President Cottrell

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

Pledge of Allegiance, Director Slawson

Director Slawson led the pledge.

Invocation, Director Hoffman

Director Hoffman led the invocation.

Roll Call

Present at the meeting were President Cottrell, Directors Covington, Slawson, Hoffman and Douglass. Legal Counsel: James Markman. District Staff: General Manager: Eric Fraser, Director of Engineering: Dan Jaggars, Director of Operations: Anthony Lara, Director of Finance and Administrative Services: Yolanda Rodriguez, and Sr. Finance and Administrative Analyst: William Clayton.

Public who registered their attendance were John Jeter, Mike Kostelecky, Lenny Stephenson, Mike Turner, Bill Dickson, and Steve Copeland.

Public Comment

There was no public comment.

ACTION ITEMS

1. Adjustments to the Agenda

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. April 2016 Budget Variance Report Review** (pages 4-8)
- b. April 30th, 2016 Cash/Investment Balance Report** (page 9)
- c. May 2016 Check Register Review** (pages 10-24)
- d. May 2016 Invoices Pending Approval** (pages 25-26)
- e. Minutes of the Regular Meeting April 13th, 2016** (pages 27-30)
- f. Minutes of the Regular Meeting May 11th, 2016** (pages 31-34)

Director Covington motioned to approve all items on the Consent Calendar. The motion was seconded by Director Hoffman and passed 5-0.

3. Consideration and Approval of Bartle Wells Associates Proposal for Water Facility Fee Study Update. (pages 35-62)**

General Manager Fraser explained the need for the update of the Water Facility Fee Study, as the last study was done approximately nine years ago.

Director of Engineer Jagers answered Board questions regarding the number of bids that were sent out, and explained that since only one bid was submitted to the District, staff then reviewed other local agencies who recently solicited for proposals and contracted for water facility fee studies and concluded that the proposed fee submitted by Bartle Wells Associates appeared reasonable for the scope of services.

Public Comment on Item:

Mr. Mike Taylor, with Pardee Homes, asked for the District to work with the City of Beaumont's planning staff when determining the total number of units at build out.

After discussion, Director Covington motioned to approve the contract as presented in the amount of \$39,120 with an additional "As Needed" contingency of \$5,000, for the Water Facility Fee Study Update. The motion was seconded by Director Slawson and passed 5-0.

4. Consideration of Resolution 2016-05 a Resolution of the Board of Directors of the Beaumont-Cherry Valley Water District authorizing the implementation of updated Emergency Drought Regulations adopted by the State Water Resources Control Board on May 18, 2016. (pages 63-81)**

Director of Operations Lara gave an overview of the newly updated drought regulations adopted by the State Water Resource Control Board, effective from June 2016 to January 2017, which requires locally developed conservation standards based on each water supplier's specific circumstances as it relates to water supply and demands. He explained Resolution 2016-05 lifts the restriction of limited watering days.

After discussion, President Cottrell motioned to approve Resolution 2016-05. The motion was seconded by Director Slawson and passed 5-0.

5. Consideration of Variance or New Water Meter and "Continuation of Service Letter ("Will Serve Letter") for 1345 Palm Avenue for Proposed Multi-Purpose Building for Existing Seventh-Day Adventist Church Facility. ** (pages 82-88)

Director of Engineering Jagers explained the schematics of the existing water meter at the premises and the plan for the use of the new water meter, based on the letter submitted by Seventh-Day Adventist Church. He shared the District recommends for one of two options: Provide a variance to the District Rules and Regulations Section 3-2.1, and approve the use of the existing water meter for the proposed multi-purpose building; or approve an additional water meter service for the proposed multi-purpose building.

After discussion, President Cottrell motioned to approve the variance with the stipulation of water service being terminated at the existing Community Hall

when the new Multi-Purpose Hall is built. The motion was seconded by Director Douglass and passed 5-0.

- 6. Riverside Local Agency Formation Commission (LAFCO) Special District Selection Committee: Vote to Elect A Regular Special District Member of the LAFCO (Eastern Riverside County) and an Alternate Special District Member.** (pages 89-93)**

After discussion, Director Covington motioned to nominate Nancy Wright (Mission Springs Water District), and Robert Stockton (Western Municipal Water District) as the alternate. The motion was seconded by Director Slawson and passed 4-0, with President Cottrell abstaining.

Survey on preference for Ballot and Conducting of Future Special District Selection Committee Elections: President Cottrell suggested the option of electing the "Candidate receiving a majority of votes shall be elected. If more than two candidates have been nominated, the Executive Officer shall conduct the election using instant runoff voting, also known as ranked choice voting." Director Covington concurred, and there was a consensus on the recommendation and passed 5-0.

- 7. Appointment of Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) Director Representative and an Alternate Representative.** (pages 94-136)**

Director Slawson motioned to elect President Cottrell as the representative for the JPIA Board of Directors and Director Slawson as the alternate. The motion was seconded by Director Hoffman and passed 5-0.

- 8. Continued Participation and Approval of the MOU for the San Geronio Pass Regional Water Alliance.** (pages 137-145)**

After discussion, Director Hoffman motioned to approve continued participation and approval of the MOU. The motion was seconded by Director Slawson and passed 5-0.

- 9. Consideration of Resolution 2016-06 Establishing the Process for the Acquisition of Imported Water Supply from the San Geronio Pass Water Agency for New Water System Connections.** (pages 146-151)**

Public Comment on Item:

Michael Tidus, attorney for Pardee Homes, shared his concerns with Resolution 2016-06 and was here to oppose of approving Resolution 2016-06.

Judy Bingham commented on her support for Resolution 2016-06 and further shared her concerns of future homebuyers burdening existing homebuyers.

Mike Turner, with Argent Management – Fairway Canyon, shared that they currently have 424 homes in contract in plan area 14, 16, 19, and 21. He explained that the infrastructure was completed years ago and they have Will Serve Letters. Mr. Turner asked that their Will Serve Letters not be part of Resolution 2016-06.

Mike Taylor, with Pardee Homes, shared his concerns of the verbiage of Resolution 2016-06, and asked what that meant for Pardee Homes. He agreed with Mr. Turner that a fee study should be updated, but they shouldn't have to

go directly to the wholesaler to pay for water. He stated that Pardee Homes has already invested millions of dollars in water infrastructure.

Jeff Davis, General Manager of the San Geronio Pass Water Agency (SGPWA), shared that he didn't oppose Resolution 2016-06, but was more concerned with the use of the word "Requiring" in the title "Requiring the SGPWA To Acquire Sufficient Additional Water Rights Necessary to Serve Any Project in Perpetuity Prior To The District Approving A Will Serve Letter For The Project Or The District Making Water Available To The Project Based On A District Will Serve Letter Already Issued". He stated that BCVWD could not "require" SGPWA to take any particular steps.

Legal Counsel Markman responded that the resolution is a prerequisite for obtaining water before approving a Will Serve Letter. He stated that BCVWD is not requiring SGPWA to do anything. He stated that the purpose of the resolution is: to focus on the water supply the District has been relying on to serve growth when issuing Will Serve Letters, which has not been available from the SGPWA; and to stop allowing the creation of more demand on the District's water system when the District is not getting the water supply from the SGPWA.

President Cottrell shared his frustration regarding no feedback from the SGPWA on how the demands for water will be met. He stated the water is a resource that we should be working together to obtain. He stated that the District collects monies for the purchase of water, but the District doesn't know specifics on how and when the District is going to get the water from SGPWA. He also shared that the SGPWA, the District, and other water agencies should come together to get water resources.

Director Douglass had a question for Mr. Davis regarding how much water entitlements had he purchased since being with the SGPWA, which Mr. Davis responded "none".

Jeff Davis explained the different options the SGPWA has looked at to acquire water. He stated that one of the options was the need for upfront cash of about \$30 million for water purchases. Another option was for a deal in which SGPWA didn't need such a large amount of cash up front, but would have large monthly payments. He stated that the SGPWA is looking at feasible deals to purchase water. He stated they need additional annual revenue for leverage and this is where the Capacity Fee comes into play.

Director Cottrell suggested that if the SGPWA knows there is a need for water, and they need leverage for the purchase of the water, why not leverage all their retailers together to come up with a better deal. He stated he would like to reach an agreement with the SGPWA to move forward and secure the water needs.

General Manager Fraser shared his concerns with Mr. Davis' statement of there being a shortage of water in the near future, as the General Manager stated that the shortage already exists. He pointed out that the District has purchased everything that was available from the SGPWA. He's also concerned with Mr. Davis' statement regarding increased water demand being a surprise, when in fact, in 2004, the Beaumont Basin Stipulated Judgement created the replenishment requirement. The interim solution ended in February 2014, which eliminated the controlled overdraft of the basin.

General Manager Fraser shared that the District's Urban Water Management Plan includes the development of every piece of property within the District's

sphere of influence and the expected entitlements, or expected densities, according to information provided to the District from the Land Use Planning agencies. A key component of the Urban Water Management Plan is the ability to obtain water from the SGPWA to meet those demands. He shared that table 4-23 of the plan identifies a deficit of approximately 4,366 acre feet of water by the year 2015 and progresses close to 10,000 acre feet as the District gets closer to build out. He pointed out that there is no basis for the assumption that the District is shutting down development or Will Serve Letters. The District is just pointing out that the District can't meet the water demands if we don't have access to water supply from the SGPWA, who, according to Mr. Davis, is currently working on water entitlements.

General Manager Fraser stated that even if it was assumed that the District receives an average of 8,000 acre feet of water per year, the District still needs to acquire water now to meet the current needs of the district and continue to add water to storage so we can meet the minimum three year storage reserve the DWR has identified in the recent drought management regulations.

General Manager Fraser shared that in regards to the issue of a place to put the water, he stated that last month the SGPWA delivered 1,213 acre feet of water, which is an average of 20 cubic feet per second for the 31 day period. He pointed out that at the 60% allocation we currently have from the State; approximately 11,438 acre feet will come to the region, 9,870 acre feet to the District and 1,560 acre feet to Banning. He shared that of our recharge facilities, three of the fourteen ponds are being utilized to receive the 20 cubic feet per second flow, and even if the flow was doubled, our facilities are more than adequate to handle the flow without the need to build additional facilities. He stated that the capacity is there to be able to bring water to the region, the need is there to bring water to the region as outlined in our Urban Water Management Plan, the expectation that water would be necessary to be acquired from the SGPWA is there, but the frustration is from the lack of movement by SGPWA to actually secure the water supply.

General Manager Fraser also shared his concern regarding the Capacity Fee and the new entitlement. He asked the question: how do we know if the fee is commensurate with the actual cost to get that entitlement? If it's being estimated and it's incorrect, the difference would have to be recovered through the tax base, which our customers pay 54% of all SGPWA taxes, or through the rates, which our customer buy almost 80% of the SGPWA water. The burden would be shifted to our existing customers, which is inappropriate.

Public Comment on Item:

Mike Turner shared his frustration of people not working together and encouraged the District and the SGPWA to not give up and work together.

Legal Counsel Markman recommended a path with a timeline for the water rights.

General Manager Fraser asked Mr. Davis when did he anticipate to deliver additional entitlement to the region. Mr. Davis responded that his best estimate is approximately 6 to 9 months, having certain things in place such as the Capacity Fee, adequate reserves, revenues sources coming in, and a place to put the water. He stated he understood the frustration and would have liked for this to have happen much sooner.

General Manager Fraser stated the District has money in reserves, but needs a deal that's in the best interest of the rate payers. He asked what the District can do to make that happen. Mr. Davis responded by saying to sign a cooperative agreement with SGPWA. General Manager Fraser recommended legal counsels from both agencies meet to discuss the details.

Public Comment on Item:

Mr. Steve Copeland, from the San Bernardino Valley Municipal Water District, shared his experience with the purchase of water and the challenges, and stated it does take time. He also stated that his agency will not sell any water rights on a long term basis.

President Cottrell motioned to table Resolution 2016-06. The motion was seconded by Director Hoffman and passed 5-0.

Reports For Discussion

a. Ad Hoc Committees

No reports were made.

b. General Manager

No reports were made.

c. Directors Reports

Director Slawson reported he attended the Pass Water Alliance meeting. They are moving forward with a company to search out bond money to create an integrated regional water management plan. He will have more information as it becomes available.

d. Legal Counsel Report

No reports were made.

10. Announcements

- District Offices will be closed July 4th, 2016 in observance of Independence Day.
- Finance and Audit Committee meeting, July 7th, 2016 at 3:00 p.m.
- Regular Board meeting, July 13th, 2016 at 7:00 p.m.
- Beaumont Basin Watermaster meeting, August 3rd, 2016 at 10:00 a.m.

President Cottrell made the announcements above.

11. Action List for Future Meetings

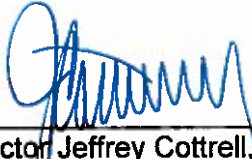
- Solar System Update
- Proposition 1 Bond Opportunities

President Cottrell made the announcements above.

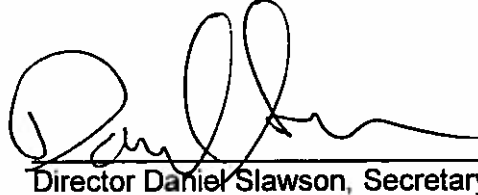
12. Adjournment

President Cottrell adjourned the meeting at 9:05 p.m.

Attest:



Director Jeffrey Cottrell, President
to 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