



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
AGENDA
MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Board Member Nathan Douglass will participate telephonically
From Island Park Branch Library
4377 County Circle Road, Island Park, ID 83429
Wednesday, July 13th, 2016
Regular Session 7:00 p.m.**

Call to Order, President Cottrell

President Cottrell began the meeting at 7:02 p.m.

Pledge of Allegiance, Director Covington

Director Covington led the pledge.

Invocation, Director Slawson

Director Slawson led the invocation.

Roll Call

Present at the meeting were President Cottrell, Directors Covington, Slawson, Hoffman and Director Douglass via telephonically. Legal Counsel: James Markman. District Staff: General Manager: Eric Fraser, Director of Engineering: Dan Jagers, 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, Bill Dickson, Michael De La Torre, Barbara Brown, Patsy Reeley, David Fenn, Mike Turner, and Pam Lindgren.

Public Comment

There was no public comment.

ACTION ITEMS

1. Adjustments to the Agenda

General Manager Fraser requested item 2g be pulled for discussion.

- 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. May 2016 Budget Variance Report Review** (pages 4-8)
- b. May 31, 2016 Cash/Investment Balance Report** (page 9)
- c. June 2016 Check Register Review** (pages 10-28)
- d. June 2016 Invoices Pending Approval** (pages 29-30)
- e. Minutes of the Regular Meeting June 8th, 2016** (pages 31-37)
- f. Review and Approve November 2016 Election Information** (pages 38-55)
- g. Annual Financial Report for 2015-DRAFT** (pages 56-117)

Director Slawson motioned to approve items 2a through 2f of the Consent Calendar. The motion was seconded by Director Hoffman and passed 5-0 by roll call: Director Covington - Aye; Director Hoffman - Aye; President Cottrell – Aye; Director Slawson – Aye; Director Douglass – Aye.

General Manager Fraser initiated discussion on item 2g.

On behalf of Vavrinek, Trine, Day & Co., LLP, external auditor Phillip White presented the clean, unmodified opinion for the audit of the 2015 Financial Report. Items pointed out to the board included: Note 12-Defined Benefit Pension Plan, and explained the new accounting pronouncement GASB 68 relating to pensions, which includes a new liability reporting for pensions. He also shared there were no difficulties in collecting information from management; realistic estimates were used in valuing dedicated capital assets; prior period adjustments; and internal controls.

After discussion, President Cottrell motioned to accept and receive item 2g, the 2015 audited Annual Financial Report. The motion was seconded by Director Hoffman and passed 5-0 by roll call: Director Covington - Aye; Director Hoffman - Aye; President Cottrell – Aye; Director Slawson – Aye; Director Douglass – Aye.

- 3. California Special Districts Association (CSDA) 2016 Board Elections: Vote To Elect A Representative to the California Special District Association Board of Directors in our Network for Seat B.****(pages 118-126)

After discussion, President Cottrell motioned to issue a vote for Ronald Coats. The motion was seconded by Director Douglass and passed 5-0 by roll call: Director Covington - Aye; Director Hoffman - Aye; President Cottrell – Aye; Director Slawson – Aye; Director Douglass – Aye.

- 4. Consideration of Request for “Will Serve Letter” for Proposed Low Income Veterans Housing Project – Illinois Avenue, Beaumont, CA (Riverside County Assessor’s Parcel No’s 418-020-027, -032, -033, -034).**** (pages 127-152)

Public Comment on Item:

Mr. Michael De La Torre, from Linc Housing, explained they have obtained one hundred percent funding for the Veteran Housing Project and is requesting a “Will Serve Letter” to move forward with the development.

Director of Engineering Dan Jagers gave an overview of the Board’s prior consideration for a “Will Serve Letter” at the June 10, 2015 Board of Directors Meeting and explained that the Board had directed staff and legal counsel to prepare a letter of support, and non-binding intent to serve, so that the applicant could move forward with the project funding. He also explained that District staff

has done an analysis of water available and explained that the District meets the State's requirements now that the State's water conservation emergency regulations were modified.

After discussion, Director Covington motioned to approve the "Will Serve Letter". The motion was seconded by Director Hoffman and passed 5-0 by roll call: Director Covington - Aye; Director Hoffman - Aye; President Cottrell – Aye; Director Slawson – Aye; Director Douglass – Aye.

5. Update Regarding the Acquisition of Imported Water Supply from the San Gorgonio Pass Water Agency for New Water System Connections.**
(pages 153-154)

General Manager Fraser gave an overview of the update request he made to the San Gorgonio Pass Water Agency (SGPWA) in regards to water availability from SGPWA and the District's new water system connections. He shared the ongoing concerns the District faces when it comes to the assurance of available water when issuing a "Will Serve Letter". He further stated that another major concern is the collection of a Capacity Fee. SGPWA is negotiating with cities and water purveyors, and the lack of assurance that the funds collected are adequate to actually fund the purchase of new entitlement is a major concern.

Public Comment on Item:

Mr. Mike Turner, from Argent Management, shared that he was pleased with the dialogue that was happening between the BCVWD and the SGPWA. He shared his knowledge of the Cooperative Agreement between the SGPWA and Yucaipa Valley Water District and encouraged BCVWD to work together with the SGPWA in also creating a Cooperative Agreement.

Mr. Jeff Davis, General Manager of the SGPWA, gave an update on three significant events. The first was the potential water purchase agreement with the San Bernardino Valley Municipal Water District (SBVMWD). He explained that SBVMWD has agreed to place the SGPWA first in line to receive the sale of water, and that in the past SBVMWD has had surplus of water available and sold it to MWD. He explained that the water was not available this year, but perhaps next year, depending if it's a wet year. Secondly, his agency's Board has authorized participation in the Sites Reservoir Project phase 1 for 10,000 acre feet of water. This is a reservoir that might, or might not, get built in the next ten to twenty years. He explained his agency is trying to make sure they have multiple options for water acquirement. Thirdly, SGPWA has entered into an agreement with a consulting firm to conduct a study of water supply available for purchase. He stated his agency should have a draft of the study by late September.

6. Presentation by SGPWA Regarding the Sites Reservoir Project.**(pages 155-176)

General Manager Fraser expressed his concerns regarding the BCVWD participation in the Sites Reservoir Project, and stated that it's an investment for the future, but not a current solution for water supply for the region. He stated that the water is north of the Delta, therefore, the reliability factor is an issue.

Mr. Jeff Davis, General Manager of the San Gorgonio Pass Water Agency (SGPWA), gave a power-point presentation on the Sites Reservoir Project. He shared that the potential water reservoir has been studied for years and that one of the advantages of the Sites Reservoir Project is that it comes with a built-

in environmental component. He said the project is located in the north Sacramento Valley, half way between the Delta and Lake Shasta. He pointed out that the location is in northern California, which tends to get more rain than southern California.

Mr. Davis demonstrated through graphs the amount of possible water storage and stated that the facilities would have a storage capacity of 1.3 to 1.8 million acre feet, utilizing existing infrastructure to pump water south. He also demonstrated the dry year yields, which is when you would get the most benefit. He shared that this project would be owned by a Joint Powers Authority, but the operations would be run by the Department of Water Resources.

Mr. Davis shared possible water supply benefits, which included: improving the Delta's ecology; another source of water independent of the Central Valley Project and the State Water Project contracts; that it integrates Shasta releases for the cold water pool, which increases the supply of the San Luis unit in the Central Valley Project; it's interruptible water (Article 21) which could extend the duration; and it provides for refuge water for wildlife.

Mr. Davis went over Proposition 1 funding, which states that the maximum state cost-share for funded public benefits would be fifty percent, and fifty percent of that would be for the ecosystem. He went over the estimated public benefits in dollars. He shared the range of construction costs, which can range from three to four billion dollars. He explained that Prop 1, Chapter 8 has \$2.7 billion available, but the dollar amount earmarked for the Sites Reservoir Project is unknown. He explained bond obligations would need to be created to pay for infrastructure, that initial funding would have to be provided by participating members, and explained that most likely Prop 1, Chapter 8 dollars would not be available until after phase 1, which is the application phase. He concluded his presentation by sharing that the SGPWA is participating in this project and stated that if BCVWD wanted to participate in the Sites Reservoir Project, a decision would have to be made before the submittal of proposal to participate deadline, which is July 29th, 2016.

General Manager Fraser asked for more clarity from Mr. Davis to help the Board understand the actual costs and risks in the investment.

After discussion, there was a consensus by all board members to hold a Special Meeting on July 27, 2016 at 7:00 p.m., for a decision.

7. Reports For Discussion

a. Ad Hoc Committees

No reports were made.

b. General Manager

General Manager Fraser shared that the District continues to take water into the Recharge Facilities at approximately 40 acre feet per day. He also shared that the Grand Ave project continues to move forward.

c. Directors Reports

Director Slawson gave a brief update on the Pass Alliance meeting he attended, stating that the feedback was positive and that the Pass Alliance would be part of the Regional Water Master Plan.

d. Legal Counsel Report

No reports were made.

8. Announcements

- Beaumont Basin Watermaster meeting, August 3rd, 2016 at 10:00 a.m.
- Finance and Audit Committee meeting, August 4th, 2016 at 3:00 p.m.
- Regular Board meeting, August 10th, 2016 at 7:00 p.m.

President Cottrell made the announcements above.

9. Action List for Future Meetings

- Solar System Update
- Proposition 1 Bond Opportunities

President Cottrell made the announcements above.

10. Adjournment

President Cottrell adjourned the meeting at 9:01 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