



**BEAUMONT-CHERRY VALLEY WATER DISTRICT  
SPECIAL MEETING AGENDA  
BOARD OF DIRECTORS  
560 Magnolia Avenue, Beaumont, CA 92223  
Tuesday, October 2, 2018 - 6:00 p.m.**

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**Call to Order, President Covington**

**Roll Call**

**Public Comment**

**PUBLIC COMMENT:** At this time, any person may address the Board of Directors on matters within its jurisdiction, which are not on the agenda. However, any non-agenda matters that require action will be referred to Staff for a report and possible action at a subsequent meeting. To provide comments on specific agenda items, please complete a speaker's request form and provide the completed form to the Board Secretary prior to the Board meeting. Please limit your comments to three minutes. Sharing or passing time to another speaker is not permitted.

**ACTION ITEMS**

- 1. Consideration of Appointment of a Director to the Division 2 Vacancy on the Board of Directors, term ending Dec. 7, 2018 (pages 4 - 16)**
- 2. Consideration of Appointment of Director(s) to serve as an Alternate to Standing and Ad Hoc Committees: Finance and Audit Committee, Personnel Committee, and Bogart Park Ad Hoc Committee (page 17)**
- 3. Consideration of Authorization of General Manager to enter into a Contract for Grant Writing Consulting Services (page 18-19)**
- 4. Discussion Regarding Early Shutdown of the East Branch Extension (page 20 - 21)**
- 5. Discussion Regarding the Draft 2018 San Geronio Pass Water Agency Imported Water Rates (page 22 - 39)**
- 6. Discussion Regarding Sites Reservoir Phase 2 Participation Agreement (pages 40 – 78)**
- 7. Discussion regarding Request for Proposals for Public Relations and Outreach Services (pages 79 - 81)**
- 8. Consideration of Well 22 Pumping Facility Improvements (pages 82 - 86)**
- 9. Review and Discussion of Landscape Services Request for Proposals, Bid Results, and Landscaping Strategies Moving Forward (pages 87-88)**
- 10. Discussion regarding Request for Upgrade of Service at 10600 Highland Springs Avenue (Highland Springs Resort) (pages 89 - 91)**

- 11. Update: Potrero Bridge Domestic and Recycled Waterlines Status** (handout)
- 12. Discussion regarding Request for Temporary Service to Property located at 37534 Cherry Valley Boulevard in the Community of Cherry Valley** (pages 92 - 96)
- 13. Consideration of Scheduling a District Facilities Tour** (page 97)
- 14. Consideration of Attendance at the Association of California Water Agencies annual Fall Conference in San Diego, Nov. 27 – 30, 2018** (pages 98 - 100)
- 15. Update: Status of District Wells, Capital Improvements, and Engineering Projects** (pages 101 - 107)
- 16. Update: Legislative Action and Issues Affecting BCVWD** (pages 108 - 110)
- 17. General Manager's Report**
- 18. Topics for Future Meetings**
- 19. Adjournment**

**AVAILABILITY OF AGENDA MATERIALS** - Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Beaumont-Cherry Valley Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, at 560 Magnolia Avenue, Beaumont, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during the meeting, they can be made available from the District Office in the Board Room of the District's Office.

**REVISIONS TO THE AGENDA** -In accordance with §54954.2(a) of the Government Code (Brown Act), revisions to this Agenda may be made up to 72 hours before the Board Meeting, if necessary, after mailings are completed. Interested persons wishing to receive a copy of the set Agenda may pick one up at the District's Main Office, located at 560 Magnolia Avenue, Beaumont, California, up to 72 hours prior to the Board Meeting.

**REQUIREMENTS RE: DISABLED ACCESS** - In accordance with §54954.2(a), requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the District Office, at least 48 hours in advance of the meeting to ensure availability of the requested service or accommodation. The District Office may be contacted by telephone at (951) 845-9581, email at [info@bcvwd.org](mailto:info@bcvwd.org) or in writing at the Beaumont-Cherry Valley Water District, 560 Magnolia Avenue, Beaumont, California 92223.

## **CERTIFICATION OF POSTING REGULAR MEETING**

I certify that on or before 5:59 p.m. October 1, 2018, a copy of the foregoing notice was posted near the regular meeting place of the Board of Directors of Beaumont-Cherry Valley Water District and to its website at least 24 hours in advance of the Special Meeting (Government Code §54956(a)).

A handwritten signature in black ink, appearing to read 'Yolanda Rodriguez', written over a horizontal line.

Yolanda Rodriguez  
Director of Finance and Administration



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 1

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** **Consideration of Appointment of a Director to the Division 2 Vacancy, term ending Dec. 7, 2018**

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**Staff Recommendation**

Appoint a qualified candidate to fill the current vacancy on the Board of Directors.

**Background**

As a result of the resignation of Claudeen Diaz, there is a vacancy on the Beaumont-Cherry Valley Water District Board of Directors.

At its meeting on August 23, 2018, the Board of Directors voted to fill the Division 2 vacancy by appointment. Once this action was taken, Notice of the vacancy was posted in three conspicuous places, posted on the District's website, and advertised in the Beaumont Record-Gazette. Individuals interested in serving were asked to submit an application prior to 12 p.m. on September 19. The appointed member will serve until December 7, 2018 at which time Ms. Lona Williams, who is on the Nov. 6 election ballot, running unopposed for the seat, will be "Appointed in Lieu of Election" by the Riverside County Board of Supervisors.

**Summary**

The District received one application, from Ms. Williams, which is herewith attached as Attachment A.

The interested party will be given an opportunity to address the Board regarding her individual interest and qualifications. After introductions, the candidate may be asked questions by the Board members.

Once the Board has taken action on the nomination, and in the event said applicant is appointed, the new Board member will be sworn into office and begin official duties immediately.

**Fiscal Impact:**

Per District Policy, members of the Board of Directors are entitled to receive a per diem, per day for each day of service to the District. The current rate is \$200 per diem, per day.

**Attachments**

- A. Application from Ms. Lona Williams
- B. Notice of Vacancy as posted

Report prepared by Erica Gonzales, Administrative Assistant

# LONA M WILLIAMS

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[REDACTED]

September 17, 2018

Ms. Yolanda Rodriguez  
Recording Secretary to the Board of Directors  
Beaumont-Cherry Valley Water District  
560 Magnolia Avenue Beaumont, CA 92223

Dear Ms. Yolanda Rodriguez:

Having been made aware of the vacancy created on the Board of Directors, Division 2 by the resignation of Ms. Claudeen Diaz, I am writing to respectfully request that my name be submitted for consideration to fill the current vacancy. I feel that my skills and experience would be beneficial for both the Water District and the residents of Division 2. In addition, I am on the ballot for the November 6th election.

I have enclosed my resume for review. If you have any questions or need additional information, please contact me at [REDACTED].

Sincerely,



Lona M. Williams

Enclosure



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# LONA M WILLIAMS

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## PERSONAL STATEMENT

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Pragmatic professional well-known for being a hands-on dynamo and having boundless energy to fulfill various tasks. Detailed, quick-paced and a true team player. Pursuing a new role where hard work and dedication will be highly valued and my various experience in multiple fields will be maximized to benefit all stakeholders.

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## WORK HISTORY

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**Medical Support Assistant, 07/2016 to 05/2017**

**VA Loma Linda Healthcare System – Redlands, United States, CA**

- Perform a full range of duties related to scheduling, medication refills, and medication renewals, support Patient Aligned Care Teams (PACT), and maintenance of profiles.
- Use advanced interpersonal skills in order to effectively using an interdisciplinary coordinated care delivery model.
- Additional duties are to manage clinic cancellations understand patient's needs, assess possible courses of action and take appropriate measures to ensure patient satisfaction.
- Make decisions to ensure that the caller is referred to the correct health care professional or team within an appropriate timeframe for meeting patient clinical and customer service needs.
- Work collaboratively with the VISN 22 Advice Nurses, Patient Aligned Care Teams (PACT) and specialty care services, for all patient coordination of care issues.
- Demonstrate exceptional interpersonal communication skills and work collaboratively with medical center programs, services and multidisciplinary team members in providing accessibility to care in meeting patient care needs, both clinical and administrative.
- Provide timely and appropriate telephone call referral and/or problem resolution.
- Receive incoming calls, receiving a wide range of inquiries, utilizing "administrative" systems knowledge to identify patient/caller needs, practicing independent decision-making, coordinate care needs, scheduling appointments and directing problem resolution as appropriate.
- Duties include determining the nature of the call and assisting with communicating needs regarding appointments, medication refills/renewals, referring the call to the appropriate clinical or administrative personnel, utilizing computer technology to ensure continuity of care through accurate patient information, communication and documentation.
- Assignments include but are not limited to: prioritizing calls and making decisions based on caller needs,

handing off calls to the VISN 22 Advice Nurses for patients/callers that potentially have an emergent or urgent care need, resolving or referring for resolution non-urgent outpatient care needs to their Patient Aligned Care Teams.

- Acting as patient advocate, the employee attempts to resolve patient needs to the best of their ability within their designated role.
- Assisting patients/callers with various medication requests, activate medication refills and renewals in CPRS (Computerized Patient Record System).
- Send TRM (Tele Record Manager) Plus notices to the patient's assigned Patient Aligned Care Team provider and nurse to renew narcotic/controlled medications.
- Send TRM Plus notifications regarding complex medication issues or questions to pharmacy staff requesting call back to patient(s).
- Review CPRS (Computerized Patient Record System) medication orders and Package Tracking to determine whether medications have been processed or if there is a delay and will report processing delays to the appropriate staff.
- Proficient with typing skills, speed, accuracy, and grammar due to the significant amount of documentation.
- Maintain relationships with Management, co-workers, patients and the general public that are consistently courteous, respectful, and cooperative in nature.
- Display a cooperative attitude and will effectively work together to implement the organization's mission and goals.

#### **Housekeeping Aide, 12/2015 to 07/2016**

##### **VA Loma Linda Healthcare System – Loma Linda, United States, CA**

- Use a variety of cleaning equipment, a broad selection of cleaning solutions, and floor-care products.
- Follow specific instructions covering proper mixing, handling and securing of toxic chemicals and solutions.
- Responsible for information contained in the Hazardous Materials/Material Safety Data Sheets (MSDS).
- Respond to hazardous infectious material spills or release, segregating all medical waste from regular waste.
- Responsible for the collection and disposal of non-reusable containers.
- Assist designated bed makers and nursing staff with making beds.
- Recording/documenting the number refills of hand-soap and hand sanitizer dispensers.
- Maintain a safe, sanitary and clean work environment within the various facilities of the organization.
- Perform a full range of light and heavy cleaning duties and routine housekeeping duties.
- Clean wards, patient rooms, storerooms, offices, corridors, restrooms, shower rooms, and other areas.
- Sweep, mop, scrub (machine) floors, vacuum carpets, and upholstered furniture, empty waste baskets, clean light globes and venetian blinds, wash walls, windows, and ceilings by climbing small ladders, refill toilet tissue and tower dispensers and move furniture.



- Supervisor: Collette Mays ( [REDACTED] ).

**Assistant to the Director of Public Works, 10/2012 to 11/2014**

**City of Banning via Arrow Staffing – Banning, CA**

- Acted as liaison to press and other City officials.
- Alerted director about cancellations or new meetings.
- Arranged for outgoing mail and packages to be picked up.
- Assisted with bid openings.
- Assisted with Public Works projects and maintained files for all projects.
- Coordinated committees and task forces.
- Coordinated office management activities.
- Coordinated the work of others.
- Coordinated travel arrangements; prepared itineraries; prepared, compiled and maintained travel vouchers and records.
- Determined matters of top priority and handle accordingly.
- Developed presentations and staff reports for City Council Meetings.
- Directed the general public to the appropriate staff member.
- Entered invoice requests.
- Greet and receive visitors.
- Handled citizen complaints and issues.
- Handled information requests.
- Helped prepare department and office budget.
- Maintain confidential department personnel records.
- Maintained and distributed applicable forms for department.
- Maintained and ordered department supplies.
- Maintained confidential files for Department Director.
- Managed and maintained Director's calendar.
- Maintained hard copy and electronic filing system.
- Maintained office procedures.
- Managed Building Maintenance Department contracts and vendors.
- Created and managed spreadsheets.
- Monitored department budget.
- Planned events and volunteer activities.
- Prepared agenda for staff meetings.
- Prepared agendas and related documents.
- Prepared bid document packages.
- Prepared confidential and sensitive documents.



- Prepared contract documents.
- Prepared correspondence and stuff mail into envelopes.
- Prepared payroll and submitted in system.
- Prepared purchase requests and submits bills for payments.
- Prepared Request For Proposals (formal and informal).
- Prepared required staff reports.
- Prepared statistical reports.
- Processed Federal Aviation Administration and Department of Transportation reimbursement requests.
- Processed invoices for all eight (8) departments under Public Works (Airport, Engineering, Building Maintenance, Water, Wastewater, Refuse, Streets, Parks, Fleet Maintenance).
- Processed invoices for payment.
- Provided administrative and clerical support to departments or individuals.
- Provided customer service for the citizens of the City of Banning Provided high-level administrative support by conducting research, preparing statistical reports, handling information requests, and performing clerical functions such as preparing correspondence, receiving visitors, arranging conference calls, and scheduling meetings.
- Provided information to others regarding processes and procedures of assigned department.
- Receive and screens visitors and telephone calls.
- Received and relayed telephone messages.
- Received, logged and distributed outgoing and incoming mail.
- Reconciled petty cash.
- Relayed directives, instructions and assignments to directors.
- Researched information and prepared reports.
- Scheduled appointments for the Department Director.
- Scheduled meetings and arranged conference rooms.
- Scheduled meetings, events, PR functions for the Public Works Department.
- Signed for UPS/Fed Ex/Airborne packages.
- Took and transcribed dictation.
- Trained and supervised lower-level clerical staff.
- Transcribed minutes for assigned department meetings.
- Typed and wrote letters, memos, informational material and correspondence.
- Worked with local, County, State, and Federal officials on various projects.
- Wrote and was awarded Community Development Block Grant for the City in 2013.
- Supervisor: Duane Burk (REDACTED).

**Registrar, 02/2001 to 09/2011**

**Banning High School – Banning, United States, CA**

- Maintained confidential student academic records, attendance records, and health records.
- Operated computerized programs and databases in order to enter, modify and retrieve sensitive information/data into or from electronic medical records, scheduling systems and/or reports.
- Used medical terminology.
- Scheduled appointments in a clinical setting.
- Supervised summer registration/orientation.
- Performed data corrections for all schools in the district for submission to County and State officials.
- Researched and corrected records to reduce drop-out rate from 39% to 14%.
- Created master schedule.
- Scheduled students.
- Prepared Summer School payroll.
- Purchased teacher and office supplies.
- Created eligibility calendar and established eligibility for all sports and extra-curricular activities.
- Created reports for District Office, School Board, County and State offices.
- Acted as principal's secretary.
- Prepared classified and credentialed payroll.
- Issued substitute teacher assignments, room keys, and signed payroll time cards.
- Trained teachers and classified staff on Zangle and other computer programs include MS Office.
- On-site technology person.
- President Booster Club.
- Class Advisor for eight years.
- Created new forms for office.
- Created/maintained confidential records.
- Maintained grade, attendance, transfer and immunization records.
- Oversaw the enrollment process for new students and gathered all required information.
- Coordinated class schedules and resolved scheduling conflicts.
- Respond to transcript requests, preparing honor lists.
- Determined graduation eligibility and planned commencement activities.
- Performed specialized clerical tasks pertaining to maintenance of student records.
- Maintained and evaluated transcripts.
- Compiled, reconciled and prepared student grade point averages and class rank.
- Assisted in general clerical functions of a secondary school office.
- Performed related work as required.
- Greeted visitors, parents and students in person and over the telephone, providing the necessary information of referring the matter to an appropriate staff member.
- Enrolled new students, including the preparation of enrollment forms, such as emergency, student information, immunization records and health cards, and requesting previous records from other



institutions.

- Evaluated records for counselor review to determine hours and/or credits earned and courses required for graduation.
- Posted grades, grade changes, test scores and credits, Health and Safety completion date, enrollment and withdrawal date, date of graduation, class rank, social security number and immunization to official records.
- Verified data of former students for employers and governmental agencies.
- Prepared and sent transcripts.
- Reviewed immunization records for admitting students.
- Reviewed a variety of documents for accuracy.
- Reconciled and corrected errors in student records, grade reports and grading processes.
- Conducted record checks for various purposes, such as satisfactory progress, inadequate credits for graduation, graduation and special recognition.
- Verified diploma list for eligibility and spelling of names.
- Distributed, collected and checked student grading materials.
- Compiled information for surveys and reports.
- Operated specialized software in the maintenance of student records.
- Prepared materials for and processes the check-out of students.
- Supervised student office aides.
- Built, resolved and corrected errors on the master schedule.
- Resolved and corrected student class schedule errors.
- Recorded achievement test results.
- Computes student grade point averages.
- Resolved student school debt problems.
- Arranged special assistance for students such as speech therapy and psychological services.
- Composed correspondence.
- Keyboarded reports, correspondence, forms, records, and other documents.
- Maintained security and confidentiality of privileged information.
- Revised office forms.
- Performed a variety of specialized clerical work such as maintaining logs, analyzes and resolves computer related problems, and performed related work as required.
- Supervisor: Lydia Taylor - Human Resources [REDACTED]  
[REDACTED]  
[REDACTED]

**Public Relations Officer, Chapter Public Relations Officer and Regional Public Relations Officer, 10/2001 to 03/2011**

## **CSEA – Banning, CA**

- Chapter 147 Webmaster, Chief Negotiator Duties, CSEA Union chapter and regional Public Relations Officer and Webmaster, job steward, site representative.
- Trained in research and negotiations.
- Worked on various committees to include health and welfare benefits, budget review, and oversight committees.
- Assisted in payroll comparison study.
- Created and maintained confidential employee records for the purpose of representation, grievances, PERB, and EEOC complaints.
- Edited and distributed a newsletter or similar publication as may be authorized by the Director Board and the chapter membership.
- Wrote articles of interest pertaining to chapter affairs for local newspapers and official publications of the Association.
- Ensured that all media inquiries about CSEA activities are directed to the Public Relations office; and ensured that official press releases or statements about CSEA activities are released by the Public Relations office.
- In conjunction with the Chapter Secretary, published and distributed communications under the direction of the Director Board.

## **Chapter Site Representative**

- Coordinated and directed the activities of the Site Representatives.
- Worked with Association, regional and local members and staff to organize, implement and coordinate a system of Site Representatives who will assist with CSEA's communication network.
- Met with all Site Representatives at least twice each year, individually or in groups; and/or communicate with all Site Representatives at least four (4) times each year, via intra-district mail, U.S. mail, e-mail, fax, phone or any other form of mass communication.
- In coordination with the 1st Vice President and Chief Job Steward, called and conducted periodic meetings between the Site Representatives and Job Stewards to ensure an appropriate level of communication and coordination between these two programs.

## **Chapter Chief Job Steward**

### **CSEA Chapter 147**

- Ensured that the Job Steward program of the chapter functioned according to the requirements set forth in the constitution.
- Performed the duties in order to ensure that all grievances were handled properly in their investigation and filing, as well as consistent in their resolution.
- Maintained the necessary records on matters of contract enforcement to permit the chapter to effectively



represent bargaining unit employees.

- Processed all grievances not settled at the immediate-supervisory level, unless CSEA staff assistance was required.
- Served as Chairperson of the Grievance Committee, and kept the Director/Board informed on all grievance activity.
- In coordination with the 1st Vice President and Site Representative Coordinator, called and conducted periodic meetings between the Site Representatives and Job Stewards to ensure an appropriate level of communication and coordination between these two programs.
- DELEGATE TO CONFERENCE Adopted the Association's annual budget.
- Acted on resolutions which modified or amended the Constitution and Bylaws, changed policy, and determined the direction of the Association for the coming year.
- Chief Negotiator Act as Secretary during the negotiations for both the District and CSEA.
- Originated and maintained official collective bargaining records including negotiations sessions, arbitrations, Board briefings.
- Originated and maintained grievance files.
- Assisted in preparing and managing Chapter budget.
- Researched State Statutes, local Board rules, State Board rules, case law, and decisions of the Public Employees Relations Commission as applicable.
- Coordinated meetings, conferences, and appointments for the office head and the bargaining team.
- Professionally prepared documents, meeting agendas, School Board items, and compose letters and memoranda for signature.
- Acted as liaison with other District negotiators and human resource officers, and other state organizations to disburse and receive information.
- Interface with employee unions, the media, and the public using positive interpersonal skills.
- Assist with labor relations conferences and workshops.
- Interpret administrative policy and decisions as explained and directed.
- Possessed an in depth knowledge of interpretation, application, and modifications of the collective bargaining agreements and human resources matters and procedures for the dissemination of information to appropriate personnel.
- Edited and proofed publications and materials.
- Provided outstanding customer service, and used positive interpersonal communicational skills in all contacts on the job, communicating with tact, poise patience and courtesy.
- Ensured compliance with Board rules and applicable federal laws and regulations.
- Acts as chief negotiator for collective bargaining negotiations; assists in maintaining satisfactory labor-management relations, interprets collective bargaining agreements, administers grievance procedures including arbitrations, and assists/advises all operational levels on labor matters.

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## EDUCATION

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**Master's Degree:** Business Administration, 04/2018

**University of Redlands, School of Business** - Redlands, CA

- Member of Whithead Leadership Society
- Graduated with 3.189 GPA

**Bachelor of Science:** Business, 2015

**University of Redlands** - Redlands, CA

- Member of Whithead Leadership Society
- Graduated with 3.693 GPA

**Associate of Arts:** English, 1998

**Crafton Hills College** - Yucaipa, CA

**Century Group Newspapers:  
Fontana Herald News, Record Gazette,  
Highland Community News,  
Yucaipa/Calimesa News Mirror**

**Phone:**

**Fax:**

**www.centurygroup.com**

BEAUMONT CHERRY VALLEY WATER DISTRICT  
560 MAGNOLIA AVE  
BEAUMONT, CA 92223  
(951)845-9581

***Class Liner Ad #00157994 Summary:***

Slug Line: 157994 Notice of Vacancy

Net Cost           \$180.00

Prepaid Amount   \$0.00

Amount Due       \$180.00

***Order Detail:***

Publication	Run Dates
4015 Banning Record Gazette	8/31/18 - 8/31/18

BEAUMONT-CHERRY  
VALLEY WATER DIS-  
TRICT NOTICE OF INTER-  
EST TO SERVE ON THE  
BOARD OF DIRECTORS  
Notice is hereby given that  
a vacancy currently exists  
on the Board of Directors  
Division 2 of the  
Beaumont-Cherry Valley  
Water District (District). The  
term of the vacancy expires  
December 07, 2018.

At the regular meeting of  
the Board of Directors held  
on August 23, 2018, the  
Board by a vote of 3 to 0,  
determined that the prudent  
method of filling the va-  
cancy caused by the resig-

nation of Director Clauddeen Diaz, would be by appointment pursuant to California Government Code Section 1780. A Notice of Vacancy has been posted at the following six locations: City of Beaumont City Hall, Beaumont District Library, Cherry Valley Grange, San Geronio Pass Water Agency, Beaumont Cherry Valley Recreation and Park District, and on the Districts website at [www.bcvwd.org](http://www.bcvwd.org).

Division 2 is generally located in parts of the City of Beaumont. Division 2 is approximately located west of Cherry Avenue, east of Beaumont Avenue, south of Thirteenth Street, and north of the east-west projection of the southerly side of Four Seasons Circle (and inclusive of the K. Hovnanian Four Seasons at Beaumont Development).

Interested parties must be citizens of the United States, registered voters in Riverside County and reside within the boundaries of Division 2. (Maps are available at the District office or can be viewed on the Districts website).

Interested parties should file their letters of interest including a short biography to Ms. Yolanda Rodriguez, Recording Secretary to the Board of Directors of the Beaumont-Cherry Valley Water District by September 19, 2018 12:00 p.m. (noon), to be considered.

The Board of Directors will schedule public interviews of prospective candidates, if necessary, at its Regular Board Meeting scheduled for September 27, 2018, at 6:00 p.m.

Published in  
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08/31/2018





**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 2

**STAFF REPORT**

**TO:** Board of Directors

**FROM:** Dan Jagers, General Manager

**SUBJECT:** **Consideration of Appointment of Director(s) to serve as an Alternate to Standing and Ad Hoc Committees: Finance and Audit Committee, Personnel Committee, and Bogart Park Ad Hoc Committee**

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**Staff Recommendation**

Appoint alternate members to the Finance and Audit Committee, the Personnel Committee, and the Bogart Park Ad Hoc Committee.

**Summary**

It is the prerogative of the Board President to appoint members to standing committees (BCVWD Policy and Procedures Manual, Part II Section 3C).

District Legal Counsel has advised staff that without a quorum of two members of a standing committee or ad hoc committee, a meeting should not be conducted. In order to provide transparency, District staff suggests also appointing an alternate member to the District's current ad hoc committees. Staff requests the Board President appoint an alternate member to each of the District's standing and ad hoc committees to serve in the event of a committee member absence:

1. Finance and Audit Committee  
The Finance and Audit Committee meets every month on the first Thursday at 3 p.m.  
Current members: Directors Hoffman and Slawson
2. Personnel Committee  
The Personnel Committee meets every odd month on the fourth Monday at 5:30 p.m., or as needed.  
Current members: Director Ramirez and President Covington
3. Bogart Park Ad Hoc Committee  
The Bogart Park Ad Hoc Committee meets once a month.  
Current members: Directors Hoffman and Ramirez

**Fiscal Impact:**

None. Directors receive a per diem of \$200 per day of service; adding an alternate director to attend only in the absence of another director adds no fiscal impact.

Report prepared by Lynda Kerney, Administrative Assistant



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 3

**STAFF REPORT**

**TO:** Board of Directors

**FROM:** Dan Jagers, General Manager

**SUBJECT:** **Consideration of Authorization of General Manager to enter into a Contract for Grant Writing Consulting Services**

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**Staff Recommendation**

Authorize the General Manager to enter into a contract with one of the following firms to provide grant writing services for Beaumont-Cherry Valley Water District:

BCVWD: Grant Writing Consulting Services						
Company Names	Year 1	Year 2	Year 3	Hourly Rate	Location	Comments
1) Townsend Public Affairs	\$60,000	\$60,000	\$60,000	\$5,000/mth Flat Fee	New Port Beach, CA	10 Water Entities clients. Beaumont is current client
2) John Robinson	\$69,958	\$63,658	\$56,696	\$150/hr	Pasadena	7 Water Entities clients
3) Grant Management	\$44,880	\$49,500	\$66,000	\$165/hr	Durham, CA (Chico)	Travel not included price. 1 water district

**Background**

The District published a Request for Proposals (RFP) for grant writing consulting services on July 3, 2018. The due date for this RFP was July 31, 2018 at 4:00 p.m. Five (5) bid packages were received and reviewed by staff. Staff feels comfortable with any of the top three most responsible and responsive bidders listed above to meet the District's grant writing needs. Staff's rating and ranking of the bids was based on technical experience, cost and reference checks. Staff requests guidance from the Board of Directors for a selection with which the Board feels comfortable based on cost and experience.

**Summary**

Staff has identified potential funding opportunities available through grant funding and believes that hiring a consulting firm for grant writing would provide the best probability of securing grant funding. The RFP was written to include determining a methodology for identifying District projects that are available for grant funding, grant funding research, grant proposal development and monthly reports to summarize the amount of time expended and describe activities undertaken during the previous month in the scope of work.

Staff solicited bids for said project in the local newspaper, on the District's website during a four-week period in July, and also contacted reputable firms that specialize in this class of work. Sealed bids were received from five (5) firms and opened on July 31, 2018. These proposals were



reviewed and scored by District staff on the bases of technical and cost approach, experience, and references.

#### Proposers

John Robinson Consulting, Inc.  
Michael Baker Corp.  
California Consulting  
Grant Management Associates  
Townsend Public Affairs

Staff has completed a review of the submitted bids and has determined that any of the top three firms is qualified to meet the District's grant writing needs based on the scope of work described in BCVWD's RFP.

At this time, Staff requests that the Board authorize award of the work related to grant writing consulting services to one of the above top three bidders in the amount so designated.

#### **Fiscal Impact**

The fiscal impact to the District will be in an amount of the selected bid provided above.

Note that additional, unknown costs may be incurred, such as travel time, mileage and consultant incidental expenses.

Staff has determined that funds are available from the operating budget for completion of this work.

Report prepared by Erica Gonzales, Administrative Assistant



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 4

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** Discussion Regarding Early Shutdown of the East Branch Extension

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**Staff Recommendation**

Discussion of proposed early shutdown of the East Branch Extension and potential impact to the District.

**Background**

On Tuesday, September 18, 2018, the San Geronio Pass Water Agency's (SPGWA) General Manager, Jeff Davis, identified that he had just been informed that the San Bernardino Valley Municipal Water District (SBVMWD) would be shutting down the East Branch Extension (EBX) in December 2018, not in February or March as has been past practice; and BCVWD was notified by the SGPWA via a copied email to Yucaipa Valley Water District (YVWD) questioning Joe Zoba's 2019 Supplemental Water Order Delivery Schedule for Direct Deliveries as it related to his 2019 February and December requested delivery schedule.

After a significant back and forth email exchange, it was determined that the first shutdown of the East Branch Extension was being scheduled for December 2018. In addition, General Manager Davis identified that the Valley District has been working with the San Manuel tribe to relocate a portion of the Foothill Pipeline on tribal land and apparently there will be a shutdown of the Foothill Pipeline in late November to accommodate the relocation, also potentially affecting water deliveries to the District's 2018 recharge operations.

A December 2018 (and possibly a late November 2018) shutdown has significant potential impacts the District including, but not limited to, the following items:

1. Potential loss of ability to deliver water the District's Noble Creek Recharge Facilities while the water rate is at \$317 per acre foot. SGPWA's General Manager has indicated there may be a solution to this and that he is open to the District's thoughts on the matter. It should be noted that in other recent emails to the District, he planned to recommend to the SGPWA's Board that the new rate schedule be adopted by January 2019 (District Staff will work towards resolving this issue with the SGPWA).
2. Imported water delivery schedules could impact District's planned 2019 water deliveries by not allowing for the upgrade to the Noble Creek Turnout from 20 CFS to 34 CFS.

In recent history, the East Branch Extension (EBX) of the State Water Project, the pipeline through which the San Geronio Pass Water Agency (SGPWA) and other State Water Project contractors (contractors) receive deliveries, has been shut down in February of each year for maintenance activities.

Based upon the aforementioned September 18, 2018 email correspondence with the SGPWA, District staff understands that in 2017 several state water contractors (including the SGPWA) did





not get all the water they ordered from DWR in summer months due to the extremely wet year and other factors. Those contractors have since been working on ways to mitigate this situation in the future. Toward that end, a decision was made to move the annual EBX shutdowns to December instead of February so that Valley District and the SGPWA could front load their deliveries and not have to take as much water in the summer, which is when the bottleneck occurred in 2017.

The possible implications of this decision (if the rates are increased in January 2019) are set forth in the table below, and are based on the presumption that any of the possible rates could take effect in 2019.

**TABLE 1**  
**BCVWD Lost opportunity to Recharge Summary**

**Water Delivery Rate: 20.0 CFS**

Possible Water Delivery Days Lost To Early Shut Down	SGPWA Possible Water Cost (\$/AF)	Water Delivery Volume at 20 CFS over Lost Delivery Days (AF)	Total Replenishment Cost (\$)	Change in Cost Above \$317/AF Over Delivery Period (\$)
31	\$ 317	1,229.8	\$ 389,831	
31	\$ 464	1,229.8	\$ 570,605	\$ 180,774
31	\$ 537	1,229.8	\$ 660,377	\$ 270,545
31	\$ 610	1,229.8	\$ 750,149	\$ 360,317
31	\$ 689	1,229.8	\$ 847,299	\$ 457,468

**Note:** \$317/AF is Current 2018 water rate

Once again, the SGPWA has indicated that there may be yet-to-be-defined solutions to this potential problem. District staff will work with the SGPWA to try to resolve these items.

### **Fiscal Impact:**

The exact fiscal impact to BCVWD is unknown at this point, though there are several possibilities:

- At the current rate of \$317/AF, based on 31 days of water delivered at a constant volume of 20.0 CFS, it would cost the District \$389,831. This is roughly the cost that the District currently incurs each month (2018 SGPWA Supplemental Water Rates).
- At a rate of \$537/AF, based on 31 days of water delivered at a constant volume of 20.0 CFS, it would cost the District \$660,377, an increase of \$270,545 per month over today's cost.
- At a rate of \$689/AF, based on 31 days of water delivered at a constant volume of 20.0 CFS, it would cost the District \$847,299, an increase of \$457,468 per month.

Prepared by Bill Clayton, Senior Finance and Administrative Analyst



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 5

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** Discussion Regarding the Draft 2018 San Gorgonio Pass Water Agency Imported Water Rates

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**Staff Recommendation**

Direct staff as desired.

**Background**

The San Gorgonio Pass Water Agency (SGPWA) is the regional State Water Contractor serving BCVWD, Yucaipa Valley Water District, and the City of Banning. BCVWD obtains imported water from the SGPWA to serve its ratepayers and to recharge the adjudicated Beaumont Basin.

On January 16, 2018, the San Gorgonio Pass Water Agency (SGPWA) Board authorized staff to contract with David Taussig & Associates (Consultant) to perform a water nexus study and begin work on adoption of a new water rate.

On March 1, 2018 the SGPWA conducted a Water Rate Workshop to provide information about the process and receive input from the public about issues related to adjustments in the imported water rate.

On September 13, 2018, the SGPWA presented the preliminary results of a water rate model developed by the Consultant. The model uses the following assumptions:

- Model runs for three years – 2019-2021
- Goal is to be revenue neutral over three years (no excess or shortage of cash)
- Rate recovers some costs encountered in 2018 that are not included in the current rate (Nickel water cost)
- Added water quality component based on summer 2018 events and costs
- Rate stabilization fund intended to keep rates stable even when revenues decrease (such as in a dry year)
- Ran several scenarios (allocation of Nickel water costs, rate escalation)
- Water rate and capacity fee will intersect. If capacity fee is higher, rate will be lower, and vice versa.

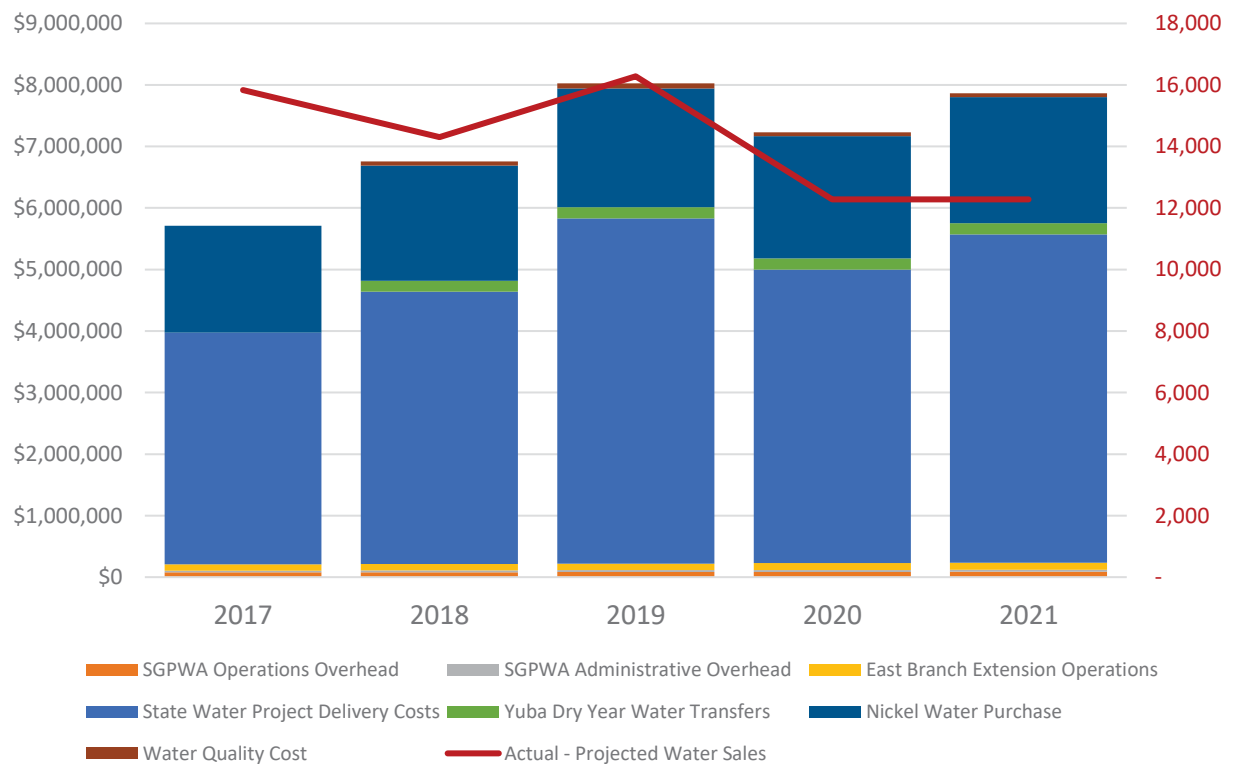


**TABLE 1**  
**SGPWA Rate Study Preliminary Table (Presented at SGPWA Rate Workshop Sept. 13, 2018)**  
**Presented at SGPWA Rate Workshop Sept. 13, 2018**  
**(Values = \$/AF)**

Model Run	2019	2020	2021
Constant rate, 100% of Nickel water on capacity fee	464	464	464
Constant rate, 50% of Nickel water on capacity fee	537	537	537
Constant rate, 0% of Nickel water on capacity fee	610	610	610
Gradually increasing rate, 100% of Nickel water on capacity fee	417	467	523
Gradually increasing rate, 50% of Nickel water on capacity fee	483	541	606
Gradually increasing rate, 0% of Nickel water on capacity fee	549	615	689

Details of the rate analysis for the “Constant Rate, 0% of Nickel Water on Capacity Fee” scenario are attached for your review and illustrated below.

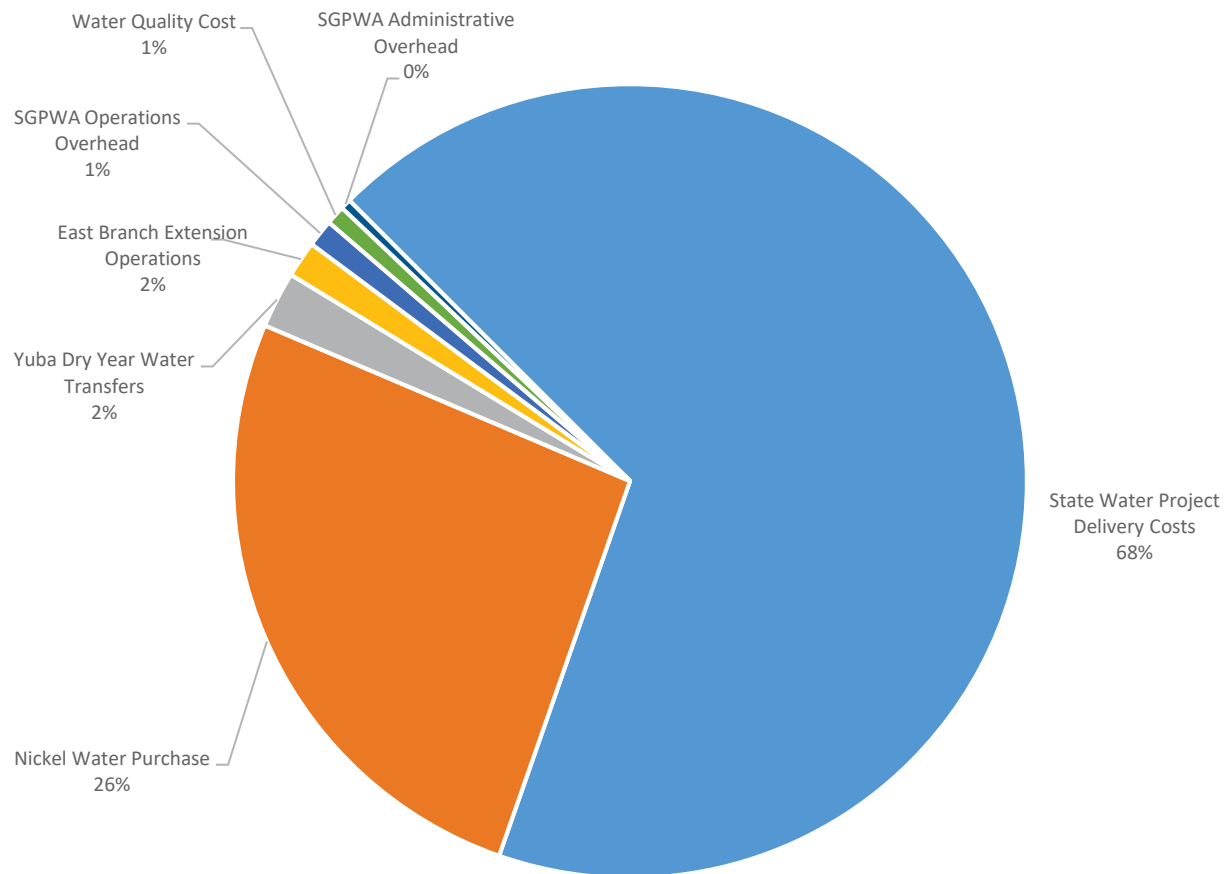
**TABLE 2**  
**SGPWA Preliminary Rate Scenario at \$610 per Acre Foot**





Based on the data from this preliminary scenario, the most significant components in this proposed rate model in Calendar Year 2021 will be the State Water Project Delivery Costs (68%) and the Nickel Water Purchase (26%), making up 94% of the total imported water rate under this preliminary scenario.

**TABLE 3**  
**SGPWA Preliminary Rate Scenario at \$610/acre foot in 2021**



From the District's staff perspective, the main points from the workshop on September 13, 2018 include:

- The Board of Directors of the SGPWA indicated they are interested in working with retail customers and receiving input about the proposed rate at future meetings.
- There is a consensus that there will be uncertainty about the quantity of imported water available each year from the State Water Project. The amount of imported water available is beyond the control of the San Geronimo Pass Water Agency since it is determined by the Department of Water Resources and the estimated quantities available in the rate model do not consider ...





- The proposed imported water rate is likely to include the following components:
  - San Geronio Pass Water Agency Operational Overhead - 50% of annual operations cost of one employee.
  - San Geronio Pass Water Agency Administrative Overhead - 5% of the annual administrative budget.
  - East Branch Extension Operational Costs - 50% of the annual overall expenses will be included in the imported water rate.
  - Department of Water Resources Energy and Transmission Costs - This is the largest component to the imported water rate and will likely include a projection of anticipated energy increases based on prior year data.
  - Yuba Dry Year Transfers - This cost component provides additional water supplies to the region.
  - Nickel Water Supplies - This cost component is the second most significant component and will be a factor in future rates for the remaining term of the contract (about 19 years).
  - Water Quality Cost - The cost for reducing algae in the State Water Project will likely be an ongoing expense.

To actively contribute to the rate setting process, the District staff would like to receive the following information and make the following requests to prepare for a future workshops with the SGPWA.

- The District should request from the SGPWA, monthly invoices from the Department of Water Resources from January 2010 to current to evaluate the past trend of 12% annual increases in expenses from the Department of Water Resources.
- The spreadsheet model prepared by David Taussig & Associates should be expanded to include actual data from 2012, 2013, 2014, 2015, and 2016.
- The spreadsheet model prepared by David Taussig & Associates should be expanded to include projected revenue and expenses for 2022, 2023, 2024, and 2025.
- The final rate spreadsheet should be made available to the retail water agencies so future expenses related to water supplies can be quickly analyzed to determine the impact on rates before agreements are executed.
- The SGPWA should consider conducting an annual review of the imported water rate spreadsheet at a public workshop to determine the future trends of likely imported water rate changes.
- The SGPWA "Water Sales Comparison of Income and Expenses" tracking spreadsheet.

The District staff would also like to propose hosting a water rate workshop with the SGPWA, Yucaipa Valley Water District, and the City of Banning in order to facilitate collaboration among all parties to achieve consensus and solution that best serves the ratepayers.



### **Fiscal Impact:**

The exact fiscal impact to BCVWD is unknown at this point, though there are several possibilities:

- At the current rate of \$317/AF, based on 31 days of water delivered at a constant volume of 20.0 CFS, it would cost the District \$389,831. This is roughly the cost that the District currently incurs each month today.
- At a rate of \$537/AF (see TABLE 2), based on 31 days of water delivered at a constant volume of 20.0 CFS, it would cost the District \$570,605, an increase of \$180,774 per month over today's cost.
- At a rate of \$689/AF (see TABLE 2), based on 31 days of water delivered at a constant volume of 20.0 CFS, it would cost the District \$847,299, an increase of \$457,468 per month.

### **Attachments:**

1. Attachment "1" – Excerpt from the San Geronio Pass Water Agency Meeting Minutes – January 16, 2018
2. Attachment "2" – Excerpt from the San Geronio Pass Water Agency Meeting Agenda – January 16, 2018
3. Attachment "3" – David Taussig & Associates Water Rate Study Scope of Work

Report prepared by Bill Clayton, Senior Finance and Administrative Analyst

Credit to Yucaipa Valley Water District for use of their information.

## Attachment "1"

Excerpt from the San Geronio Pass Water Agency Meeting Minutes – January 16, 2018

### 6. New Business:

**A. Consideration and Possible Action to Award Consulting Contract for Water Rate Study to David Taussig & Associates (DTA):** A staff report and a copy of the Scope of Work from DTA were included in the agenda packet. General Manager Davis stated that the topic of increasing the water rate was discussed with the Board at a number of different Board meetings; December 11<sup>th</sup> Engineering workshop was the last time this subject was discussed. At the Engineering workshop the Board directed staff to obtain a proposal for consideration of a nexus study for the purpose of developing a new water rate. The Board recognized that a number of new water deals that the Agency has entered into require additional revenues and expressed a desire to explore the possibility of including those costs in a new water rate. DTA has previously developed rate studies for the Agency. The proposal provided in the agenda packet includes attendance at up to five meetings. One or more of the meetings would be for DTA to present the preliminary and final report to stakeholders at workshops or public meetings. The time involved could be up to six months. The contract amount for the nexus study is \$40k; however it is possible that the Board

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San Geronio Pass Water Agency  
Board Meeting Minutes  
January 16, 2018  
Page 3

may make requests that are not included in the Scope of Work, which would incur additional costs. After discussion, Director Thompson made a motion, seconded by Director Duncan, authorizing staff to contract with DTA to perform a water rate nexus study and to begin work on adoption of a new water rate.

**Attachment "2"**

**Excerpt from the San Geronio Water Agency Meeting Agenda - January  
16, 2018**

**MEMORANDUM**

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**TO:** Board of Directors

**FROM:** General Manager

**RE:** Contracting With Consultant to Review Water Rate

**DATE:** January 16, 2018

**Summary:**

In 2017, the Board discussed water rates at Board meetings and workshops many times. The Board gave direction to Staff to revisit the Agency's water rate in 2018. The purpose of this proposed Board action is to decide if the Board wishes to hire a consultant to perform a nexus study that would lead to a new water rate.

**Background:**

In February 2009, the Board adopted a new water rate. The rate adopted by the Board went into effect that month, and the nexus study identified that that rate should be increased somewhat in July of that year. The rate set that month for July 2009 is still in effect today.

**Detailed Report:**

The Board discussions on the water rate in 2017 focused on what costs the Agency was attempting to recover in its 2009 water rate and what costs the Agency should try to recover in a new water rate. Having consummated a deal to procure additional water supplies in 2017, and having several more deals on the table that could be consummated in 2018, the Board will need to consider how to recover these costs, with the water rate being one distinct possibility.

Staff has received a proposal from David Taussig & Associates to perform the proposed work (enclosed in the agenda package). This is the same firm that developed the previous water rate and has worked with Agency staff over the past few years on a capacity fee as well. It wrote both the nexus study for the current water rate and the nexus study for the capacity fee, and has worked with staff on



revising the amount of the capacity fee. The firm performs rate and financial studies for public agencies across Southern California.

Staff will review the proposal with the Board at the Board meeting. The proposal includes the cost of up to five public meetings. Staff will recommend that, early in the process, a workshop be held to invite input from the public and retail water agencies on what elements the water rate should include. The entire process of developing and adopting a rate structure must be completely transparent to the public.

Staff anticipates that the process will last at least six months. The proposal indicates that the cost is good for up to six months and that delays beyond that time could result in increased costs.

**Fiscal Impact:**

The Agency's General Fund budget for this year includes \$40,000 for a water rate study and an additional \$20,000 for water rate modeling. The modeling may or may not be required as part of this scope of work, depending on what the Board asks the consultant to do. In any case, funds are budgeted this year for this work, so the impact has already been factored in to the Agency's finances.

**Recommendation:**

Staff recommends that the Board authorize staff to contract with David Taussig and Associates to perform a water rate nexus study and to begin work on adoption of a new water rate.






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## SCOPE OF WORK

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### Water Rate Study

The scope of work set forth below describes the various tasks and deliverables to be provided by DTA that will produce a reasonable and defensible water rate study. A key component of the rate calculation will be the funding of water conveyance facilities, groundwater recharge facilities and the purchase of additional water rights. The rate justification study will conform to the guidelines of AWWA Manual M1, Principles of Water Rates, Fees and Charges.

### TASK NO. 1 – FACILITIES AND COSTS

This task will determine the component of revenue needs related to capital facilities. Water conveyance, groundwater recharge and the purchase of additional water rights are the major capital facility items that will be considered

#### Subtask 1.1 – Facilities Costs

SGPWA and/or SGPWA consultants shall provide facility descriptions and costs for pipeline conveyance facilities, groundwater recharge systems, and other facilities needed to serve existing development.

#### Subtask 1.2 – Cost of Additional Water Rights

DTA will work with SGPWA to determine the “best guess” market price for the purchase of additional water rights on the secondary market.

### TASK NO. 2 – IDENTIFY ALL OTHER REVENUE REQUIREMENTS

#### Subtask 2.1 – Existing Revenue Requirements

DTA will review and analyze historic financial and usage pattern information provided by the SGPWA including:

- Operating and maintenance expenses
- Debt service costs
- Capital expenditures funded directly from current revenues
- Reserve balances
- Other capital requirements
- Rate Stabilization Reserves

#### Subtask 2.2 – Future Revenue Requirements

DTA will work with SGPWA staff to provide a projection of revenue requirements over a five year period resulting from the items listed in Task 2.1 above.

### TASK NO. 3 – COST ALLOCATION AND RATE DESIGN

As a wholesale water Agency, allocation methods and rate design is straight forward. The customer class is basically member retail agencies.

#### Subtask 3.1 – Review Current Rate Structure

DTA shall review and summarize SGPWA current water rate structure and cost allocation methodology. Applicability to current and near future conditions will be evaluated. If appropriate, modifications or changes will be recommended

#### Subtask 3.2 – Review Water Demand Data

DTA will review historical water demand data, sales data and any other data upon which past costs were allocated. DTA will then work with SGPWA to provide a five year projection of water demand, based on historical data, demographic patterns and local entitlements.

#### Subtask 3.3 – Areas of Benefit

DTA will review the appropriateness of service sub-areas where costs v. benefits are not uniform across the district boundaries. Sub-areas may be determined by pressure zones, extend of distribution and storage requirements, reliability, demand diversity, etc.

#### Subtask 3.4 – Allocate costs and Calculate Rate

DTA will calculate new rates based on the total cost of service determined from the above tasks distributed across projected demand variables. Commodity based and capacity based components can be used if consistent with the recommended rate structure.

### **TASK NO. 4 - PREPARE DRAFT AND FINAL ADMINISTRATIVE REPORTS**

This task entails preparation of the draft and final Rate Study for consideration by SGPWA Board and member agencies.

#### Subtask 4.1 – Prepare Draft Rate Study for Comments

Based on the work completed in Task Nos. 1 through 3, DTA will prepare the Draft Rate Study. The report will include such items as i) cost of service summaries; ii) rate calculations; iii) projected cash flow tables; iv) proposed rate schedules; v) reserve analysis; vi) any other supporting documentation

#### Subtask 4.2 – Prepare Final Rate Study

After incorporating comments from SGPWA staff, DTA will submit the Final Rate Study for consideration by the SGPWA Board and its member agencies.

### **TASK NO. 5 - MEETINGS**

DTA will attend up to five meetings as requested by Client. One or more of the meetings would be for DTA to present the preliminary and final report to stakeholders at workshops or public agency meetings as directed by SGPWA Staff.



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**FEE SCHEDULE**

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DTA's proposed budget for the tasks listed in the Scope of Work described above is time and materials up to \$40,000. These tasks shall be billed according to actual hours worked at the rates shown below

HOURLY RATES	
MANAGING DIRECTOR	\$250/HOUR
VICE PRESIDENT	\$225/HOUR
MANAGER	\$200/HOUR
SR. ASSOCIATE	\$180/HOUR
ASSOCIATE	\$165/HOUR
SENIOR ANALYST	\$145/HOUR
ANALYST	\$125/HOUR
RESEARCH ASSISTANT	\$105/HOUR

Monthly progress payments will be made by Client upon presentation of invoice by Consultant providing details of services rendered and expenses incurred. At Client's request services in addition to those identified in the Scope of Work may be provided if the total fee required to complete Tasks 1 through 5 is less than the amount shown above. Alternatively, if the Scope of Work can be completed for less than the maximum amount, only the hours actually expended will be billed.

In addition to fees for services, Client shall reimburse Consultant for travel, copying, courier, facsimile, telephone expenses, data services, maps, clerical charges, administrative charges, and other out-of-pocket expenses, in an amount not to exceed \$1,000 for each fiscal year. Monthly progress payments shall be made by Client upon presentation of invoices by Consultant providing details of services rendered and expenses incurred.

**Limitations**

The preceding hourly rates apply for a 12 month period from execution of the Agreement and are subject to a cost-of-living and/or other appropriate increase every 12 months thereafter.

The maximum fee listed above assumes that the time between initiation of work and completion of all tasks in the Scope of Work is no longer than six (6) months. Any delays in the schedule beyond this timeframe may result in increased fees. In addition, an excessive number of meetings (more than five) may also require additional fees if the total fee has been exceeded. Lastly, unanticipated work related to data gathering may result in increased fees. Such additional fees shall be added to the "Total Fee" amounts listed above



Beaumont Cherry Valley Water District

560 Magnolia Avenue

Beaumont, CA 92223

951-845-9581

[www.bcvwd.org](http://www.bcvwd.org)

**DATE:** September 19, 2018  
**TO:** Dan Jagers, General Manager  
**FROM:** Joe Reichenberger PE, Senior Engineer  
**SUBJECT:** Review of SGPWA Preliminary Water Rate Model developed by David Taussig and Associates DRAFT FOR DISCUSSION

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On September 13, 2018, the San Geronio Pass Water Agency (SGPWA) held a workshop to discuss a draft water rate model developed by David Taussig and Associates (Taussig). The draft water rate model was based on a number of “principles” and assumptions:

- The rate model runs for three years (2019 through 2021)
- SGPWA’s goal is to be revenue neutral over the three years
- The rate recovers some costs encountered in 2018, but not included the current rate (\$317/AF), i.e., the Nickel Water Cost
- Added water quality cost component (to control algae in the State Project Water (SWP)) experienced in the summer 2018
- Provide a rate stabilization fund intended to keep rates stable even when revenues decrease, e.g., during a dry year(s)

Several scenarios were “run” to determine tentative rates depending on how the Nickel Water costs were to be recovered:

- 100% on Capacity Fee, 50% on Capacity Fee, and 0% on the Capacity Fee, maintaining a constant rate over the period 2019 through 2021
- 100% on Capacity Fee, 50% on Capacity Fee, and 0% on the Capacity Fee, gradually increasing the rate over the period 2019 through 2021

The draft rates ranged from \$464/AF to \$689/AF depending on the scenario with the highest rates occurring when all of the Nickel Water costs were born by the rate payers.



The rate structure components are as follows<sup>1</sup>:

SWP Variable Delivery Cost	68%
Nickel Water Purchase	26%
<u>Other Costs<sup>2</sup></u>	<u>6%</u>
Total	100%

Of note is the proportion that is SWP Variable Delivery Cost. The 68% represents \$415/AF based on a \$610/AF total cost. The current \$317/AF rate includes a \$260/AF SWP Variable Delivery Cost based on information provided in the 2009 Taussig Rate Study<sup>3</sup>.

### Imported Water Availability

BCVWD's analysis of the imported water available to SGPWA is presented in Table 1.

Table 1  
Current and Projected SGPWA Imported Water Availability, AFY

	2018	2019	2020	2025	2030	2035	2040
SGPWA Table A	6,055	10,380	10,380	10,034	9,688	8,300	8,300
SGPWA Table A Carryover Water	5,000	1,920 <sup>(a)</sup>					
Yuba Exchange Water	200	200	200	200	200	200	200
AVEK (Nickel Water)	1,700	1,700	1,700	1,700	1,700	1,700	
SBVMWD Table A Surplus							
Additional Table A Water Deals	3,500		6,000	5,800	3,000	2,500	2,500
Casitas MWD Water	1,750						
Total without CWF or Sites Reservoir	18,205	14,200	18,280	17,734	14,588	12,700	11,000
CWF Increment (2,478-3,119 AFY)						2,800	2,800
CWF Side Deals (3,500-7,500 AFY)						5,000	5,000
Sites Reservoir						5,000	5,000
Total Potential Imported Water Supply	18,205	14,200	18,280	17,734	14,588	25,500	23,800

(a) Unknown amount, SGPWA projects selling 14,200 AFY in 2019

<sup>1</sup> Based on SGPWA Preliminary Rate Scenario at \$610/AF in 2021.

<sup>2</sup> Other costs include Yuba Dry Year Purchase, East Branch Extension (EBX) operations, Water Quality costs, and SGPWA operations and administrative overhead.

<sup>3</sup> The Consumer Price Index (CPI) for energy increased by a factor of 1.22 for the area between 2009 and 2018 which would increase the SWP Variable Delivery Cost component to on \$317/AF, i.e., 1.22 x \$260/AF. Beyond 2018 it appears Taussig is using 12%/year which is excessive escalation.

Several assumptions were made in the development of Table 1:

- Yuba Exchange Water would be 200 AFY per SGPWA long term projections.
- There was more imported water available in 2018, than was projected to be sold by SGPWA (14,300 AFY sold), so the remainder is assumed to carry over to 2019.
- AVEK (Nickel Water) purchase agreement terminates in 2037 and will not be renewed unless Sites Reservoir and/or CWF are not implemented.
- SBVMWD periodically has surplus Table A available to SGPWA for purchase, estimated to be 2,000 AFY on the average. SGPWA long term average year projections, presented at SGPWA Board Meeting in Aug/Sept 2018, did not include SBVMWD surplus water and so is assumed zero in this table.
- Additional Table A water purchase/exchange would start out at 6,000 AFY in 2020 and gradually decline over time as demand within Ventura service area increases. Casitas MWD was a one year purchase/exchange.
- Average values of water supply were assumed for the CWF increment and the CWF side deals. This was presented in BCVWD White Paper No. 7.
- Sites Reservoir yield reduced to 5,000 AFY for 10,000 AF participation by SGPWA.

### Projected SGPWA Water Demands

Table 2 presents a summary of the SGPWA Demands to year 2040.

Table 2  
Current and Projected SGPWA Imported Water Demands, AFY

	2018	2019	2020	2025	2030	2035	2040
BCVWD Replenishment Obligations w/5% conservation on pre-2018 demands	9,000	9,560	8,003	8,674	9,556	10,132	10,700
BCVWD Drought Proof Banking	1,000	1,000	1,000	2,000	2,500	2,500	2,500
Net Reduction from BCVWD's Participation in Sites Reservoir						(2,000)	(2,000)
<b>BCVWD Total</b>	<b>10,000</b>	<b>10,560</b>	<b>9,003</b>	<b>10,674</b>	<b>12,056</b>	<b>10,632</b>	<b>11,200</b>
City of Banning	500	250	--	501	1,344	2,237	2,718
YVWD	850	1,150	1,809	1,967	2,162	2,391	2,644
Other Service Areas	--	--	500	1,600	2,800	3,900	5,000
<b>Total SGPWA Imported Water Demands with BCVWD Water Banking</b>	<b>11,350</b>	<b>11,960</b>	<b>11,312</b>	<b>14,742</b>	<b>18,362</b>	<b>19,160</b>	<b>21,562</b>
<b>Total SGPWA Imported Water Demands without BCVWD Water Banking</b>	<b>10,350</b>	<b>10,960</b>	<b>10,312</b>	<b>12,742</b>	<b>15,862</b>	<b>16,660</b>	<b>19,062</b>

The demands for the City of Banning, YVWD, and the "Other" Service Areas were taken from SGPWA's 2015 Urban Water Management Plan (UWMP). The "Other" Service Areas include:

South Mesa Water Company, Cabazon Water District, Banning Heights Mutual Water Company, High Valleys Water District, Mission Springs Water District and the Morongo Band of Mission Indians.

BCVWD's demands have been reduced since presented in SGPWA's 2015 UWMP to take into account the reduced demands experienced in newer housing tracts, use of recycled water from the City of Beaumont beginning in 2020 plus other local BCVWD water projects, and a 5% conservation impact on pre-2018 housing. BCVWD has a 4000 AF participation in Sites Reservoir which will result in an estimated annual yield of 2,000 AFY which will reduce the need for SGPWA imported water.

Table 3 shows the conservative demand scenario (with BCVWD water banking) as set forth on Table 2 above. If water banking is not performed by BCVWD, demand would need to be adjusted accordingly.

Table 3  
Comparison of SGPWA Imported Water Demand and Supply, AFY

	2018	2019	2020	2025	2030	2035	2040
Imported Water Demand without CWF or Sites Reservoir	11,350	11,960	11,312	14,742	18,362	21,160	23,562
Imported Water Supply without CWF or Sites Reservoir	18,305	14,300	18,380	17,734	14,588	12,700	11,000
Difference	6,955	2,340	7,068	2,992	(3,774)	(8,460)	(12,562)
Imported Water Demand with CWF or Sites Reservoir	11,350	11,960	11,312	14,742	18,362	19,160	21,562
Imported Water Supply with CWF or Sites Reservoir	18,305	14,300	18,380	17,734	14,588	25,500	23,800
Difference	6,955	2,340	7,068	2,992	(3,774)	6,340	2,238

### Conclusions from Potential Imported Water Supply vs Demand

Table 3 provides the basis for the following conclusions:

- Presuming all planned activities are realized, there is more than adequate supply of imported water between now and 2030. After 2030 there may be a short period (a few years) of imported water shortfall until the CWF and Sites Reservoir projects come on line.
- From 2018 to about 2030, there is an opportunity to bank water. Approximately 35,000 AF can be put into storage which can be used when demands exceed supply during the construction and start-up of CWF and Sites Reservoir.
- SGPWA may want to consider purchasing surplus SBVMWD water after 2025 and banking the water until CWF and Sites Reservoir are on line.
- If the CWF and Sites Reservoir are not implemented, the SGPWA will need to identify other sources of imported water or other water resource projects yielding water that can

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be exchanged with imported water. It may be beneficial to enter into short term exchange agreements while CWF and Sites Reservoir are in the design phase with the option to extend if the CWF and Sites Reservoir are not going to be constructed.

- The CWF and Sites Reservoir are critical to meeting the long term water supply requirements of the San Geronio Pass area.
- Because of the amply imported water supply between 2018 and 2030, water purchase or exchange agreements should be short term and not be “take or pay.”

### **Implications of Imported Water Supply vs Demand on Water Rates**

The discussion up until this point has focused on the SGPWA’s imported water supply vs. demand and the results presuming the identified water supply opportunity can be achieved are very good. There appears to be more than ample water supply to meet the pass region’s needs, at least until CWF and Sites Reservoir come on line. Some of this water has “take or pay” obligations, which, unless there is a “buyer,” this could put a financial burden on the SGPWA.

The SGPWA is in the process of reviewing and potentially revising their water rate and possibly implementing a capacity/connection charge for future development. The Agency is in a dilemma; if the rates are raised too much, the retailers will not necessarily buy all of the water they really need. These agencies could rely on their banked storage, and purchase only the minimum amount needed to “get by.” BCVWD is in such a position as District has water banked and is planning to purchase additional water (1,000 to 2,500 AFY) for drought proofing new development. BCVWD could easily rely on their bank storage for drought proofing for a while and purchase only the minimal amount to meet replenishment obligations to Watermaster.

Table 4 shows the storage account status of the water supply agencies in the SGPWA service area. Almost 110,000 AF were in storage at the end of 2017. That is roughly about eight years of imported water demand in storage. It is clear that the retailers can go a long time on reduced purchases of imported water if the SGPWA sets its rate to a point where it becomes unaffordable.

Table 4  
Beaumont Basin Storage Account Status

	Beaumont Basin Storage Account, AF	Year End 2017 Water in Storage, AF	% of Storage Filled
BCVWD	80,000	32,296	40.4
YVWD	50,000	15,776	31.6
City of Banning	80,000	51,961	65.0
South Mesa WC	20,000	9,133	45.7
SGPWA	10,000	0	0
Total	240,000	109,966	45.8



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The SGPWA will need to make some choices particularly since the Agency has a long term “take or pay” contract with AVEK(Nickel Water) and agreement(s) with the City of Ventura and possibly other agencies. In addition the Agency has fixed costs to pay for the SWP and the EBX Phases 1 and 2. This can be funded from debt service, (except for the variable OMP&R), fortunately, and would not affect the water rate.

### **Considerations During Rate Setting**

Based on the results of the Imported Water Supply vs Demand analysis above and the current volumes of water the retailers have in storage in the Beaumont Basin, the SGPWA needs to be cautious about setting the new water rate.

- If the retailers determine they cannot afford the new rate, the retailers could minimize their new purchases and rely on water conservation incentives and banked storage. This will have a significant financial impact on the SGPWA’s revenue. The Agency’s projection for 2019 is for 16,280 AF of water to be sold at \$610/AF. If the retailers determine that they only purchase their replenishment obligation to Watermaster, say a total of 11,000 AF, the revenue projected by the Agency’s rate consultant would be reduced by \$3.83 million or about 1/3 of their projected revenue from water sales. Can the Agency afford this reduction? The following years, the projected water sales are 12,280 AFY. Again if the retailers purchase only the minimum to meet their replenishment obligation, the annual lost revenue is \$0.8 million. This loss would continue on for years to come. With the lost revenue, the SGPWA may again consider a rate increase. This will only make matters worse and retailers will be pulling water out of banked storage.
- Assuming the retailers reduce their purchases to a minimum, the SGPWA will need to determine what will be done with the surplus imported water. The SGPWA could purchase it themselves and recharge (bank) it with the idea that it could be sold later. However this would require the Agency to “front” the money (from reserves?), resulting in a potential cash flow problem. The SGPWA could return some of their Table A to the turnback pool, but the turnback pool payback is small. They may be able to make an exchange with another State Water Contractor and recover some of their SWP cost. At any rate the SGPWA will need to be very cautious over the next few years to not get into any long term purchase contracts where water must be taken or paid for in every year until the CWF and Sites Reservoir become more certain.
- On the other hand, the SGPWA cannot ignore the fact that CWF and Sites Reservoir may not be implemented. Should that be the case, the SGPWA will need to enter into long term water purchase agreements at some point. But until then, only short term agreements, with options to extend on a year by year basis and an option to extend to long term should be the “plan.” A long term agreement with the option to pay for only the amount taken may provide another reasonable approach.
- The SGPWA should work with the retailers to develop a plan of action for the next few years in terms of rates. The SGPWA should consider implementing a connection charge to share the burden of long term water purchases, Table A enhancements, and CWF/Sites Reservoir funding. Ideally the cost should be proportionately shared by

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existing rate payers (reliability) and future residents (new water purchases) through a combination of rates and connection charges.



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 6

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** Discussion regarding Sites Reservoir Phase 2 Participation Agreement

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**Staff Recommendation**

No recommendation. Information only.

**Purpose**

This item serves to update the Board of Directors regarding recent developments related to the Sites Reservoir Project in which the District is currently participating as a sub-entity under the San Geronio Pass Water Agency's Sites Reservoir Phase 1 participation agreement for 14,000 AF of capacity. The BCVWD current share is 28.57% of the total requested 14,000 AF (4,000 acre feet of Class 1 and Class 2 water supply capacity).

District participation in the Sites Reservoir Project Phase 2 activities will most likely require that a new Phase 2 Sites Reservoir participation agreement be executed between the San Geronio Pass Water Agency (SGPWA) and the District. That agreement will result in a significant financial commitment by the District to participate in the project moving forward into the Phase 2 activities. These costs were reviewed by staff at the July 26, 2018 Engineering Workshop.

Sites Reservoir Project Phase 2 activities include Phase 2A and Phase 2B. These sub phases are structured to provide for a potential project off-ramp at the end of Phase 2A for project participants who may wish to exit the project. Should no participants request to change their participation, Phase 2B would commence without requiring formal action.

Phase 2 participation will financially commit the District to a 28.57% proportionate share of the SGPWA's 3.69% total Phase 2 project cost (based on a 14,000 acre foot commitment) of approximately \$350,000,000 (\$350 Million). The District's possible commitment for Phase 2 project costs could be as much as \$3,690,000 (\$3.69 Million). These costs, overall project costs, and associated District and SGPWA funding strategies were also reviewed at the District's July 26, 2018 Engineering Workshop.

**At the end of 2018 or possibly in January 2019, the Board of Directors will be required to consider a Sites Reservoir Phase 2 Participation Agreement with the San Geronio Pass Water Agency which will set forth the District's continued participation in the Sites Reservoir project Phase 2 and possibly all future phases in conjunction. In addition, the SGPWA's and the District's participation levels will most likely be reviewed and confirmed based upon anticipated or desired participation levels.**



## **Background**

On August 20, 2018, the Sites Authority Board approved the Phase 2 Reservoir Project Agreement for form and substance and authorized its release to member agencies (including the San Geronimo Pass Water Agency) for their consideration. A copy of the Phase 2 Reservoir Project Agreement was reviewed by SGPWA staff with their Board of Directors on September 10, 2018 and is attached for review.

BCVWD staff have demonstrated the importance of the Sites Reservoir Project in meeting the SGPWA's and BCVWD's long-term water supply needs both during Board presentations and via BCVWD White Paper Nos. 1 through 7. Staff also identified the Sites Project Authority, a Joint Powers Agency (JPA), is responsible to pursue the development and construction of the Sites Reservoir Project.

The Sites Reservoir Project implementation is proposed to occur in the following five phases – from planning, through transfer, to the ultimate operation authority. A phasing/activity diagram was provided at the July 26, 2018 Engineering Workshop and is generally as follows:

- Phase 1 – California Water Commission Proposition 1 Application, feasibility level engineering, and preliminary environmental work
- Phase 2 – Final EIRs and preliminary engineering
- Phase 3 – Permits, rights-of-way, and final design
- Phase 4 – Construction and close-out
- Phase 5 – Transfer to operation

Phase 1 is scheduled to be completed in 2018. Phase 1 focused on preparing a proposal for funding from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1). The California Water Commission, designated to review all of the Proposition 1 applications, awarded the Sites Reservoir Project \$816 Million of Proposition 1 funding. This was less than the requested \$1.7 Billion. The California Water Commission also agreed to provide \$40.8 Million in early funding. The difference will have to be borne by the project participants. The overall Sites Reservoir Project cost is \$5.1 Billion (2017 cost). In addition to Proposition 1 and California Water Commission funding, the federal government will fund a portion of the flood control benefits with the remainder funded by the Sites Project Authority (about 54% per White Paper No. 4).

For the Phase 1 work, which, was self-funded by the project participants, SGPWA entered into an agreement with the Sites Project Authority for 14,000 AF participation, with BCVWD agreeing to 4,000 AF share of the 14,000 AF. This agreement was approved at a BCVWD Board Meeting in January 2017. The participation and funding for Phase I is summarized as follows:

Class 1 Water: 8,799 AF at a Phase 1 not to exceed cost of \$60/AF  
Class 2 Water: 5,201 AF at a Phase 1 not to exceed cost of \$30/AF.





SGPWA at 10,000 AF of 14,000 AF Requested (71.43%)

Class 1 Water: 6,285 AF at a Phase 1 not to exceed cost of \$60/AF

Class 2 Water: 3,715 AF at a Phase 1 not to exceed cost of \$30/AF

Maximum SGPWA commitment -- \$488,550

BCVWD at 4,000 AF of 14,000 AF Requested (28.57%)

Class 1 Water: 2,514 AF at a Phase 1 not to exceed cost of \$60/AF

Class 2 Water: 1,486 AF at a Phase 1 not to exceed cost of \$30/AF

Maximum BCVWD commitment -- \$195,420 (actual amount paid \$166,200)

The Sites Joint Powers Authority defined Class 1 water as 50% of the expected annualized yield of water from the Sites Reservoir that would be allocated to Project Members. Class 2 water is some of the remaining 50% which could become available depending on the Proposition 1 funding. Class 1 water carries less risk; if the project gets constructed, all Class 1 water will be realized. Class 2 water carries more risk. For Phase 1 participation, BCVWD actually paid only \$166,200 per BCVWD records – all in 2017.

With the reduction in requested state funding from Proposition 1, it is believed that most or all of the Class 2 water will be converted to Class 1 water. There will most likely no longer be any Class 2 water. The actual project yield is not available at the present time, but an estimate can be made: The total yield should be at least 330,000 AFY for the Sites Reservoir Project. From White Paper No. 1, SGPWA and BCVWD's total would be 10,000 AFY and 4,000 AFY, respectively.

### **Estimated Costs for Phase 2 Participation**

Of interest to the Board are the costs BCVWD will incur going forward with this critical water supply project. No firm costs have been developed by the Sites Project Authority at present, so only an estimate of future costs can be presented. Below are the totals for the entire project:

Estimated Class 1 water project yield	330,000 AFY
Phase 2A costs	\$188 Million
Phase 2B costs	\$202 Million
Phase 3 costs	\$1.309 Billion
Phase 4 costs	\$3.335 Billion
<hr/>	
Total Capital Cost of Sites Reservoir Project	\$5.184 Billion

Phase 2 funding strategies have now been determined by the JPA and staff understands that the Phase 2 cost to the State Water Contractors is anticipated to be \$350 Million, which will be funded by an interest-only bond payment between 2020 and 2022.

The additional \$40 Million of the total \$390 Million Phase 2 cost is anticipated to be funded by sources other than the SWCs.

As of the August 16, 2018 Reservoir Committee Meeting, the above numbers are the costs projected by the JPA. At an estimated interest rate of 6%, this equals a total annual interest payment of \$21 Million. Currently, the SGPWA (the local region's SWC) indicates they currently are responsible for 3.69% of the project cost, or an approximately \$774,900 per year interest-only



payment at 6% interest. Table 1 below sets forth estimated interest only payments ranging between 4% and 6%.

TABLE 1  
SITES RESERVOIR PHASE 2 COSTS

Phase 2 Principal Cost	Interest Rate	Annual Interest Payment	SGPWA Project Share	SGPWA Annual Project Payment	SGPWA Share	SGPWA Annual Payment	BCVWD Share	BCVWD Annual Payment
\$350,000,000	4%	\$14,000,000	3.69%	\$516,600	71.43%	\$369,000	28.57%	\$147,600
\$350,000,000	5%	\$17,500,000	3.69%	\$645,750	71.43%	\$461,250	28.57%	\$184,500
\$350,000,000	6%	\$21,000,000	3.69%	\$774,900	71.43%	\$553,500	28.57%	\$221,400

Key points in the Phase 2 Participation Agreement are:

1. Phase 2 shall be financed by issuance of Phase 2 obligations.
2. A Step-Up Obligation Clause is included – Each project member is considered a Step – Up Project Agreement Member and is obligated to increase their obligation by their participation percentage of a defaulting member's obligation.
3. Acknowledgement Clause – “The project agreement members acknowledge that the Sites Reservoir Project is still in the conceptual stage and there are **no assurances that the Sites Reservoir Project will be constructed or that any water supplies will be developed as a result of this Project Agreement.**”
4. Project member may withdraw from participation during Phase 2A with 180-day notice but will still be obligated to pay all financial obligations incurred prior to withdrawal date.

Phase 3, Final Design, also may require some initial funding until the project construction bonds are sold (Phase 3, 4, and 5), which presumably would cover some or all the design, environmental studies, permitting, and right-of-way acquisition.

### **Fiscal Impact**

To be determined.

### **Attachments**

Sites Project Authority – Phase 2 Reservoir Project Agreement

Prepared by Dan Jagers, General Manager and Erica Gonzales, Administrative Assistant.

**SITES PROJECT AUTHORITY**

**PHASE 2 RESERVOIR PROJECT AGREEMENT**

**DATED AS OF DECEMBER 1, 2018**

**BY AND AMONG**

**SITES PROJECT AUTHORITY**

**AND**

**THE PROJECT AGREEMENT MEMBERS LISTED HEREIN**

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THIS PHASE 2 RESERVOIR PROJECT AGREEMENT is made effective as of \_\_\_\_\_, 2018, by and among (a) the Sites Project Authority (the “**Authority**”) and (b) certain Members and/or Non-Member Participating Parties, listed on the attached **Exhibit A** and is made with reference to the following facts:

### RECITALS

A. Various public agencies in the Sacramento River Watershed created the Authority in 2010. Various public agencies in the Sacramento River Watershed, including certain Project Agreement Members, previously entered into the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, pursuant to which they are developing the Sites Reservoir Project, which is contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000. The Joint Powers Agreement provides a mechanism for “Project Agreements” (as defined in the Joint Powers Agreement) to undertake specific work activities for the development of the Sites Reservoir Project. On \_\_\_\_\_, 2018, the Authority’s Board of Directors also adopted [Bylaws for Phase 2 of the Sites Reservoir Project,] which also address Project Agreements and their management through Reservoir Project Committees.

B. On April 11, 2016, certain Authority Members of the Authority entered into the PHASE 1 RESERVOIR PROJECT AGREEMENT which was amended and restated as of November 21, 2016.

C. The Authority and certain Project Agreement Members have undertaken a process to negotiate a Phase 2 Reservoir Project Agreement to undertake specific work activities to [complete certain permitting and other activities] and to provide for the issuance of bonds, notes or other evidence of indebtedness of the Authority to pay such Phase 2 costs.

D. The Project Agreement Members wish to undertake the Phase 2 Project pursuant to a Work Plan approved by the Authority on \_\_\_\_\_, 2018 and the Reservoir Project Committee on \_\_\_\_\_, 2018 and a summary of which is described in **Exhibit B** attached hereto. The Phase 2 Project will be undertaken in the name of the Authority and in accordance with the Authority’s stated Mission as set forth in the fourth Recital of the Joint Powers Agreement. The Project Agreement Members are entering into this Project Agreement to satisfy the requirements of Article VI of the Joint Powers Agreement.

E. All members of the Authority have also been given the opportunity to enter into this Project Agreement. The form of this Project Agreement was determined to be consistent with the Joint Powers Agreement and the Bylaws and approved by the Authority’s Board of Directors on August \_\_, 2018.

F. The Authority and the Project Agreement Members acknowledge that one of the Authority’s goals, in addition to providing environmental benefits, is to develop and make both a water supply and storage capacity available to water purveyors and landowners within the Sacramento River watershed, and in other areas of California, who are willing to purchase either or both a water supply and storage capacity from the Sites Reservoir Project, and that the Project Agreement Members should have a preference to the water supply or storage capacity.

## AGREEMENT

THEREFORE, in consideration of the facts recited above and of the covenants, terms and conditions set forth herein, the parties agree as follows:

### **Section 1     Definitions**

“Authority” means the Sites Project Authority, a joint exercise of powers agency created pursuant to the Joint Powers Agreement.

“Authority Members” means the members of the Authority executing the Joint Powers Agreement, as such members may change from time-to-time in accordance with Section 3.3, Section 7.12 and Section 7.2 of the Joint Power Agreement.

“Board” means the Board of Directors of the Authority.

“Bond Trustee” means the entity or entities designated by the Authority pursuant to any Financing Document to administer funds or accounts required by such Financing Document or otherwise.

“Bylaws” means the [Bylaws for Phase 2 of the Sites Reservoir Project] adopted by the Authority on \_\_\_\_\_, 2018, as such Bylaws may be amended or supplemented from time-to-time in accordance therewith.

“Committee” means the Reservoir Project Committee described in Section 3 of this Project Agreement.

“Event of Default” means an event described in Section 9 hereof as an Event of Default.

“Financing Documents” means any indenture, trust agreement, loan agreement, lease agreement, installment purchase agreement or other financing document entered into by the Authority in connection with any Phase 2 Obligation.

“Fiscal Year” means the fiscal year of the Authority, which currently begins on January 1 of each calendar year and ends on December 31 of each calendar year, or such other twelve month period which may be designated by the Authority as its Fiscal Year.

“Joint Power Agreement” means the Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016, as such agreement may be amended or supplemented from time-to-time in accordance therewith.

“Law” means Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented from time-to-time.

“Lender” means a bank, other financial institution or other lender (including the State of California, the United States of America or any department, bureau or other affiliated entities thereof) making a loan to the Authority which constitutes a Phase 2 Obligation.

“Material Change Item” shall have the meaning ascribed thereto in the Bylaws.

“Participation Percentage” means the Participation Percentages described in Section 7 hereof and as set forth in **Exhibit A** hereto, as such Participation Percentages may be modified in accordance herewith. Participation Percentages may vary by Phase 2 Obligations as approved by the Committee and the Authority as set forth in Section 7 hereof.

“Phase 2” means the activities described in **Exhibit B** hereto as such description may be amended or supplemented from time-to-time.

“Phase 2A” means the activities described in **Exhibit B** hereto as Phase 2A as such description may be amended or supplemented from time-to-time.

“Phase 2B” means the activities described in **Exhibit B** hereto as Phase 2B as such description may be amended or supplemented from time-to-time.

“Phase 2B Costs” means all costs of the Phase 2 Project with respect to Phase 2B, including but not limited to (a) the principal and interest with respect to Phase 2 Obligations allocable to Phase 2B Costs, (b) fees payable to Bond Trustees, Lenders, and others related to the issuance and administration of Phase 2 Obligations allocable to Phase 2B Costs and (c) reserves required in connection with Phase 2 Obligations allocable to Phase 2B Costs, if any.

“Phase 2 Budget” means the Phase 2 Budget approved by the Committee on \_\_\_\_\_, 2018 and the Authority on \_\_\_\_\_, 2018, as such Phase 2 Budget may be amended or supplemented from time-to-time in accordance with the Joint Powers Agreement, this Project Agreement and the Bylaws.

“Phase 2 Costs” means all costs of the Phase 2 Project, including but not limited to (a) the principal and interest with respect to Phase 2 Obligations, (b) fees payable to Bond Trustees, Lenders, and others related to the issuance and administration of Phase 2 Obligations and (c) reserves required in connection with Phase 2 Obligations, if any.

“Phase 2 Obligations” means bond, notes or other evidences of indebtedness issued or incurred by the Authority in accordance with the Joint Powers Agreement and this Project Agreement to finance or refinance Phase 2 Costs.

“Project” or “Sites Reservoir Project” means the Sites Reservoir Project as described in **Exhibit B** hereto, as modified from time-to-time in accordance therewith.

“Project Agreement” means this Project Agreement, dated as of December 1, 2018, by and among the Authority and the Project Agreement Members listed on **Exhibit A** from time-to-time, as such Project Agreement may be amended or supplemented from time-to-time in accordance herewith.

“Project Agreement Members” means (a) the Authority Members listed in the attached **Exhibit A**, (b) the Non-Member Participating Parties listed in the attached **Exhibit A** and (c) additional Authority Members or Non-Member Participating Parties who execute this Project Agreement from time-to-time pursuant to Section 13 hereof.

“Step-Up Project Agreement Members” means Project Agreement Members listed in **Exhibit E** hereto as Step-Up Project Agreement Members which have agreed to make payments in accordance with Section 6.3 hereof.

## **Section 2      Purpose**

The purpose of this Project Agreement is to permit the Authority and the Project Agreement Members to undertake Phase 2 of the Project in the name of the Authority consistent with the Joint Powers Agreement. The activities undertaken to carry out the purposes of this Project Agreement shall be those, and only those, authorized by the Authority and the Committee in accordance with this Project Agreement, the Joint Powers Agreement and the Bylaws. Without limiting in any way the scope of the activities that may be undertaken under this Project Agreement, such activities shall include funding the Authority’s Phase 2 Costs undertaken to carry out the directions of the Committee. Notwithstanding any other provision of this Project Agreement, no activity undertaken pursuant to this Project Agreement shall conflict with the terms of the Joint Powers Agreement or the Bylaws, nor shall this Project Agreement be construed in any way as creating an entity or combination of entities that is separate and apart from the Authority.

## **Section 3      Reservoir Project Committee**

(a)      Committee Membership. The business of the Project Agreement Members under this Project Agreement shall be conducted by a Committee consisting of one member appointed by each Project Agreement Member. Appointment of each member of the Committee shall be by action of the governing body of the Project Agreement Member appointing such member, and shall be effective upon the appointment date as communicated in writing to the Authority. Project Agreement Members may also appoint one or more alternate Committee members, which alternate(s) shall assume the duties of the Committee member in case of absence or unavailability of such member. Project Agreement Members may also appoint an alternate Committee member from a different Project Agreement Member for convenience in attending Committee meetings, who may cast votes for such Project Committee Members, provided that no person shall represent more than five other Project Committee Members and more than 20% of the weighted vote as provided in Subsection 3(g) at any given meeting; provided however, that if the appointing Project Committee Member is an officer of the Committee, the appointed alternate Committee member shall not assume the capacity of such officer position. In order to serve as an alternate Committee member, a written evidence of such designation shall be filed with the Committee Secretary. Each member and alternate member shall serve on the Committee from the date of appointment by the governing body of the Project Agreement Member he/she represents and at the pleasure of such governing body.

(b)      Officers. The Committee shall select from among its members a Chairperson, who shall annually act as presiding officer, and a Vice Chairperson, to serve in the absence of the Chairperson. There also shall be selected a Secretary, who may, but need not be, a member of the Committee and a Treasurer. All elected officers shall be elected and remain in office at the pleasure of the Committee, upon the affirmative vote of at least a majority of the total weighted vote as provided at Subsection 3(g);

(c)      Treasurer. The Authority Treasurer shall serve as the Committee’s Treasurer and shall act as the Committee’s liaison to the Authority’s General Manager and Authority Board on financial matters affecting the Committee. The Treasurer shall prepare and provide regular financial reports to the Committee as determined by the Committee.



(d) General Manager. The Authority's General Manager shall (1) serve as the Project Director responsible for advancing the Sites Reservoir Project, (2) be a non-voting member of the Committee, (3) ensure coordination of outreach and engagement activities between the Authority and Committee, and (4) convene, on an as needed basis, legal representatives from the Project Agreement Members and Authority Members to advise the General Manager on legal matters that will be reported to the Committee and Authority on a timely basis.

(e) Meetings. The Chairperson of the Committee or a majority of a quorum of the members of the Committee are authorized to call meetings of the Committee as necessary and appropriate to conduct its business under this Project Agreement. All such meetings shall be open to the public and subject to the requirements set forth in the Ralph M. Brown Act (Government Code Sections 54950 et seq.).

(f) Quorum. A majority of the Committee members based on the weighted vote provided in Subsection 3(g) shall constitute a quorum of the Committee.

(g) Voting. Notwithstanding any provisions of the Bylaws that might be construed otherwise, for purposes of this Project Agreement, the voting rights of each Project Agreement Member shall be determined as follows:

(i) an equal number of voting shares for each Project Agreement Member as defined at **Exhibit A**, that being for each Project Agreement Member, 1 divided by the total number of Project Agreement Members, multiplied by 50%; plus

(ii) an additional number of voting shares for each Project Agreement Member equal to its respective Participation Percentage described in Section 7 and defined in **Exhibit A**, multiplied by 50%, using the version of **Exhibit A** in effect at the time the Committee votes.

The resulting weighted total of all voting shares shall equal 100. An Example of this weighted voting incorporating the formulas for determining participating percentages is attached at **Exhibit A**.

(h) Decision-making Thresholds. In accordance with Section 5.7 of the Bylaws, for purposes of this Project Agreement, approval by the Committee for material and non-material changes shall be as follows: for actions other than Material Change Items, action of the Committee shall be taken upon the affirmative vote of at least a majority of the total weighted vote as provided in Subsection 3(g); for Material Change Items, action shall be taken upon the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g).

(i) Delegation of Authority/Powers and Limitations Thereon. Subject to the direction of the governing bodies of the Project Agreement Members, the Committee shall undertake all actions necessary for carrying out this Project Agreement, including but not limited to setting policy for the Project Agreement Members acting under this Project Agreement with respect to the Project; recommending actions to be undertaken in the name of the Authority under this Project Agreement; determining the basis for calculation of the Participation Percentages for each Fiscal Year, and the timing required for payments of Phase 2 Obligations hereunder; authorizing expenditure of funds collected under this Project Agreement within the parameters of the Phase 2 Budget; and such other actions as shall be reasonably necessary or convenient to carry out the purposes of this Project Agreement. This Section 3(i) is subject to any and all limitations set forth in

the Joint Powers Agreement and Bylaws, including but not limited to, any action that constitutes a material change as defined at Section 12.3 of the Bylaws requiring the approval of both the Committee and the Authority Board, and actions specified in Section 10 of the Bylaws which remain exclusively with the Authority Board.

#### **Section 4      Funding**

(a)      Budget. The Committee, in cooperation with the Authority's Board, has previously approved the Phase 2 Budget and the Fiscal Year 2019 Authority budget and shall provide and approve a Fiscal Year operating budget for future Fiscal Years annually or more frequently as needed. In lieu of the Project Agreement Members contributing their respective pro-rata share of the budgeted sums during Phase 2, the Authority shall use its best effort to issue Phase 2 Obligations to finance the cost of Phase 2 as set forth in Section 5 hereof.

(b)      Allocation of Phase 2 Obligations. Should the Project Agreement Members acting collectively under this Project Agreement enter into any contract or other voluntary obligation for activities included in **Exhibit B** hereto and contemplated in **Exhibit D** hereto, such contract or obligation shall be in the name of the Authority; provided, that all financial obligations thereunder shall be satisfied solely with funds provided under this Project Agreement and in accordance with Section 6.

(c)      Allocation of Project Agreement Expenses. The Project Agreement Members agree that the principal and interest on all Phase 2 Obligations are Phase 2 Costs and that the obligation to pay Phase 2 Costs is solely the responsibility of the Project Agreement Members and is not the responsibility of the Authority or the Members of the Authority that do not execute this Project Agreement provided, however, that this Section shall not preclude the Project Agreement Members from accepting voluntary contributions and/or the Authority Board's pre-approval of in-kind services from other Authority Members, or Project Agreement Members, and applying such contributions to the purposes hereof. Before the Authority's costs of administering this Project Agreement become payable, the Authority will provide its calculation of such costs to the Committee, which will have the right to audit those costs and provide comments on the calculation to the Authority Board. The Authority Board shall consider the Committee's comments, if any, including the results of any such audit, in a public meeting before the Authority Board approves a final invoice for such costs.

#### **Section 5      Authorization to Issue or Incur Phase 2 Obligations**

5.1      Issuance or Incurrence of Phase 2 Obligations. The Authority hereby agrees to use its best efforts to issue or cause to be issued Phase 2 Obligations pursuant to Article VI of the Joint Power Agreement to fund all Phase 2 Costs. Such Phase 2 Obligations shall be payable solely from payments to be made by Project Agreement Members pursuant to this Project Agreement.

5.2      Initial Phase 2 Obligations. The initial issuance of Phase 2 Obligations is estimated to be [\$350,000,000] which is currently estimated to be equal to Phase 2 Costs net of projected contributions from the California Water Commission and the United States Bureau of Reclamation. The Phase 2 Obligations shall be issued, in one or more issuances, only upon approval of the Committee and the Authority Board. Attached hereto as **Exhibit C** is a copy of a draft term sheet for the initial Phase 2 Obligations. **Exhibit D** sets forth the anticipated cost allocation of principal and

interest with respect to the initial Phase 2 Obligations. The initial issuance of Phase 2 Obligations shall constitute a Material Change Item.

5.3 Future Phase 2 Obligations. A refinancing of the initial Phase 2 Obligations is anticipated and any Project Agreement Member which does not pay off its share of principal of such initial Phase 2 Obligations 180 days before the maturity date thereof are obligated under this Project Agreement to participate in the refinancing. Any refinancing of the initial Phase 2 Obligations, any additional Phase 2 Obligations and any refinancing of prior Phase 2 Obligations shall be upon approval of the Authority and the Project Agreement Members (which approval shall constitute a Material Change Item); provided, that any Project Agreement Members that is obligated to refinance its share of principal of the initial Phase 2 Obligations pursuant to this Project Agreement is deemed to have approved such refinancing. **Exhibit D** shall be updated by the Authority after the issuance of each Phase 2 Obligations but such updating shall not constitute an amendment of this Project Agreement.

5.4 Phase 2B Costs. Notwithstanding the foregoing provisions of Sections 5.1, 5.2 and 5.3 the Authority shall not incur any Phase 2B Costs or any Phase 2 Obligations to finance Phase 2B Costs, until the rebalancing, if any, scheduled to occur at the end of Phase 2A, described in Section 12(b) hereof, has been completed and there are Project Agreement Members that have Participant Percentage totaling 100% with respect to Phase 2B.

5.5 Limited Obligations. Any Phase 2 Obligations incurred by the Authority pursuant to this authorization shall not be debts, liabilities, obligations or indebtedness of any Member of the Authority other than Project Agreement Members in accordance herewith. No Project Agreement Member shall be obligated for amounts owed by another Project Agreement Member on account of any Phase 2 Obligations authorized by this Section 5, except as provided in Section 6.3 of this Project Agreement.

## **Section 6      Financing Terms**

6.1 Cooperation, Disclosure and Documents. Each Project Agreement Member hereby agrees to cooperate with the Authority for the purpose of expediting the issuance of Phase 2 Obligations to finance the Phase 2 Costs by providing such information and disclosure as may be reasonably required for such purpose, and by delivering all closing documents reasonably required by Authority bond counsel at the closing of each Phase 2 Obligations described in Section 5 of this Project Agreement. Each Project Agreement Member will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to effect the financing and refinancing of the Phase 2 Costs and to allow the Authority to comply with reporting obligations, to assure the Authority of such Project Agreement Member's intention to perform hereunder and for the better assuring and confirming unto the Authority and any Bond Trustee or any Lender the rights and benefits provided to them herein.

6.2 Payments of Phase 2 Costs. Each Project Agreement Member agrees to pay an amount of Phase 2 Costs which shall be calculated by the Authority by multiplying principal of and interest with respect to each Phase 2 Obligation times each Project Agreement Member's Participation Percentage with respect to such Phase 2 Obligations. For the Fiscal Year ending December 31, 2019, the Project Agreement Members shall pay to the Authority, Phase 2 Costs as provided in the Phase 2 budget described in Section 4(a).

The Authority shall furnish each Project Agreement Member with a written statement of the estimated Phase 2 Costs for the next succeeding Fiscal Year, taking into account applicable credits received by the Authority and estimated investment earnings on moneys related to the Project held by the Authority, no later than November 1 of each Fiscal Year commencing November 1, 2019. In addition, if any Project Agreement Member who has executed a State Water Project Contract with the California Department of Water Resources provides a written direction in the form attached hereto as Exhibit I to the Authority, the Authority shall also furnish the California Department of Water Resources with a copy of each written statement no later than [November 1] of the prior Fiscal Year. The Project Agreement Members shall pay, or cause to be paid, to the Authority, on or before the next succeeding January 15 of, 100% of the Phase 2 Costs billed to the Project Authority Members in such written statement.

If a Project Agreement Member questions or disputes the correctness of any billing statement by the Authority, it shall pay the Authority the amount claimed when due and shall, within thirty (30) days of the completion and delivery of the Authority's annual audit, request an explanation from the Authority. If the bill is determined to be incorrect, the Authority will adjust the bill to such Project Agreement Member in the next Authority Fiscal Year, including an adjustment equal to the interest actually earned by the Authority on its general reserves during each period. If the Authority and a Project Agreement Member fail to agree on the correctness of a bill within thirty (30) days after a Project Agreement Member has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

6.3 Step-Up Obligation. Each Project Member identified in **Exhibit E** as a Step-Up Project Agreement Member hereby agrees that upon the failure of any Project Agreement Member to make any payment which failure constitutes an Event of Default, and except as transfers are made pursuant to Subsection 9(b) of this Project Agreement, (i) the Phase 2 Costs of each nondefaulting Project Agreement Member shall be automatically increased for each Fiscal Year of the remaining term of the Project Agreement pro rata with those of the other nondefaulting Step-Up Project Agreement Members and (ii) such defaulting Project Agreement Member's Participation Percentage shall be reduced correspondingly; provided, however, that the sum of such increases for any such nondefaulting Step-Up Project Agreement Member in any Fiscal Year shall not exceed, without written consent of such nondefaulting Step-Up Project Agreement Member, an accumulated maximum of [25%] of the nondefaulting Step-Up Project Agreement Member's Phase 2 Costs in such Fiscal Year determined as nearly as practicable under the circumstances as if the defaulting Project Agreement Member were not in default. Upon payment of such increase, a nondefaulting Step-Up Project Agreement Member shall be entitled to increase its Participation Percentage based on its pro rata share of such defaulting Project Agreement Member's Participation Percentage.

6.4 Future Financings. In the event a Project Agreement Member under Section 6.3 participates in any future borrowing or refinancing authorized by this Project Agreement, such Project Agreement Member agrees to undertake the same obligations as are set forth in Sections 6.1 of this Project Agreement and, if such Project Agreement Member is a Step-Up Project Agreement Member, Section 6.3 of this Project Agreement.

6.5 Interest on Late Payment. Any part of such demand by the Authority which remains unpaid for thirty (30) days after its due date shall bear interest from such thirtieth day at the interest rate of the Local Agency Investment Fund then in effect computed on a monthly basis plus two percent until paid. Interest paid by a Project Agreement Member shall not change the Participation



Percentage of such Project Agreement Member but shall be applied to the Phase 2 Costs of Project Agreement Members other than the Project Agreement Member paying such interest.

6.6 Authority Responsibility re Collected Funds. The Authority shall apply the funds paid by the Project Agreement Members pursuant to Sections 6.2 and 6.3 solely to satisfy Phase 2 Obligations. The Authority agrees to keep amounts collected under this Project Agreement in a designated account, promptly pay when due the amounts collected under the Project Agreement, provide accounting and payment information to the Project Agreement Members, and take such other reasonable actions as may be requested by the Project Agreement Members and agreed to by the Authority; provided, that failure of the Authority or of a Project Agreement Member to make payment required by this Project Agreement shall not relieve and Project Agreement Members of its obligation to pay all amounts owed under Sections 6.2 and 6.3 solely hereof.

6.7 Source of Payments. In order to meet payment obligations of this Project Agreement in accordance with the Joint Powers Agreement and this Project Agreement, each Project Agreement Member agrees as follows:

(a) each Project Agreement Member described as a Wholesale Water Provider in **Exhibit A** hereto shall to the fullest extent permitted by law, fix rates, charges or assessments so that such Project Agreement Member will at all times have sufficient money to meet its obligations hereunder (other than the principal of any Phase 2 Obligation which the Authority and the Project Agreement Members project being refinanced in accordance with Section 5.3 hereof) and confirms that payment of its obligations under this Project Agreement constitutes an operation and maintenance expense of such Project Agreement Member for accounting purposes and that as an operation and maintenance expense there are no liens, charges or encumbrances thereon, or priority of payments with respect thereto, prior to the payment of amounts hereunder; or

(b) each Project Agreement Member described as a Retail Water Provider in **Exhibit A** hereto shall to the fullest extent permitted by law, fix rates, charges or assessments in connection with its water or irrigation system so that such Project Agreement Member will at all times have sufficient money to meet its obligations hereunder (other than the principal of any Phase 2 Obligation which the Authority and the Project Agreement Members project being refinanced in accordance with Section 5.3 hereof) and confirms that payment of its obligations under this Project Agreement constitutes an operation and maintenance expense of such Project Agreement Member's water or irrigation system for accounting purposes and that as an operation and maintenance expense there are no liens, charges or encumbrances thereon, or priority of payments with respect thereto, prior to the payment of amounts hereunder; or

(c) each Project Agreement Member described as a Retail Water Provider (Improvement District) and which has created an improvement district to support the Project in **Exhibit A** hereto shall to the fullest extent permitted by law, fix rates, charges or assessments within such improvement district so that such Project Agreement Member will at all times have sufficient money to meet its obligations hereunder (other than the principal of any Phase 2 Obligation which the Authority and the Project Agreement Members project being refinanced in accordance with Section 5.3 hereof) and confirms that payment of its obligations under this Project Agreement constitutes an operation and maintenance expense of such Project Agreement Member's improvement district for accounting purposes and that as an operation and maintenance expense there are no liens, charges or encumbrances thereon, or priority of payments with respect thereto, prior to the payment of amounts hereunder; or

(d) each Project Agreement Member described as an Other Water Provider on **Exhibit A** hereto shall pay all amounts due hereunder (other than the principal of any Phase 2 Obligation which the Authority and the Project Agreement projects being refinanced in accordance with Section 5.3 hereof) as a general obligation or general fund obligation of such Project Agreement Member.

Nothing herein shall be construed as prohibiting any Project Agreement Member (i) from using any other funds and revenues for purposes of satisfying any provisions of this Project Agreement (including but not limited to funds collected by the California Department of Water Resources and paid to the Authority on behalf of Wholesale Water Providers as described in Section 6.2 hereof or (ii) from incurring obligations payable on a parity with the obligations under this Project Agreement so long as the Project Agreement Member complies with Subsection 6.7(a), (b) or (c), as applicable, hereof.

(d) Obligation Is Not Subject to Reduction. Project Agreement Members shall make payments of Phase 2 Costs under this Project Agreement whether or not the Project is permitted, undertaken, completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction, or curtailment of operation of the Project or of water or storage contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Authority or any other Project Agreement Member under this Project Agreement or any other agreement.

(e) Several Obligation. No Project Agreement Member shall be liable under this Project Agreement for the obligations of any other Project Agreement Member except as expressly set forth in Section 6.3 hereof in the case of Step-Up Project Agreement Members. Each Project Agreement Member shall be solely responsible and liable for performance of its obligations under this Project Agreement. The obligation of each Project Agreement Member to make payments under this Project Agreement is a several obligation and not a joint obligation with those of the Project Agreement Members.

6.8 Maintenance of Tax-Exempt Status of Phase 2 Obligations. Notwithstanding any other provision of this Project Agreement, no Project Agreement Member will take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Phase 2 Obligations issued as Phase 2 Obligations the interest on which were intended to be excludable from gross income for federal income tax purposes being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended by reason of classification of such Phase 2 Obligations as a "Private Activity bond" within the meaning of Section 141 of said Code or for any other reason.

## **Section 7      Participation Percentages**

Each Project Agreement Member shall pay that share of Phase 2 Obligation equal to such Project Agreement Member's Participation Percentage with respect to each Phase 2 Obligation. The initial Participation Percentages of the Project Agreement Member's for the initial Phase 2 Obligation are set forth at the attached **Exhibit A**. These initial Participation Percentages are for the purpose of establishing the Project Agreement Members respective responsibilities for amounts contained in the approved Fiscal Year 2019.

In the event that the Committee and the Authority approve Participation Percentages with respect to Phase 2 Obligations that are different than the initial Participation Percentages set forth in Exhibit D, including but not limited to Phase 2 Obligations the interest on which is not excludable from gross income for federal income tax purposes, **Exhibit D** shall be amended to reflect such additional Participation Percentages. Approval of Participation Percentages with respect to Phase 2 Obligations different than the initial Phase 2 Participation Percentages set forth in **Exhibit D** shall constitute a Material Change Item.

The Participation Percentages of each Project Agreement Member will be modified by the Committee from time to time as the result of the admission of a new Project Agreement Member to this Project Agreement or the withdrawal of a Project Agreement Member, and **Exhibit A** shall be amended to reflect all such changes.

All amendments to **Exhibit A** shall, upon approval by the Committee, be attached hereto and upon attachment, shall supersede all prior versions of **Exhibit A** without the requirement of further amendment of this Project Agreement.

## **Section 8      Future Development of the Sites Reservoir Project**

(a) The Project Agreement Members acknowledge that the Sites Reservoir Project is still in the conceptual stage and there are no assurances that the Sites Reservoir Project will be constructed or that any water supplies will be developed as a result of this Project Agreement. **Exhibit B** includes a partial list of some of the risks and uncertainties that underlie the lack of assurances. The Project Agreement Members therefore recognize that they are not acquiring any interest in the Sites Reservoir Project other than their interest in the specific permitting, design, engineering and other materials that will be in Phase 2 of the Project as described in **Exhibit B**, and that the Project Agreement Members are not acquiring under this Project Agreement any interest in any future water supply or access to any other services from the Sites Reservoir Project except as provided hereunder.

(b) Without limiting the foregoing, any Project Agreement Member that elects to continue participating in the development, financing, and construction of the Sites Reservoir Project to the time when the Authority offers contracts for a water supply or other services, will be afforded a first right, commensurate with and in proportion to that Member's participation and financial contribution to the Sites Reservoir Project, to contract for a share of any water supply that is developed, and for storage capacity that may be available from, the Sites Reservoir Project. In any successor phase agreements, Project Agreement Members who are parties to this Project Agreement that submitted a proposal to participate before [December 31, 2018], shall be granted rights to contract for a share of any water supply that is developed, and for storage capacity that may be available from the Sites Reservoir Project prior to the rights of those becoming parties to this Project Agreement after that date. The Authority and the Project Agreement Members will cooperate on the drafting of provisions in the water supply contract that will allow a Project Agreement Member or other eligible entity that commits to purchase a Sites Reservoir Project water supply to transfer water that the entity may not need from time to time on terms and conditions acceptable to the such Project Agreement Member.

## **Section 9      Obligation in the Event of Default**

(a)      Written Demand. Upon failure of a Project Agreement Member to (i) make any payment in full when due under this Project Agreement or (ii) perform any other obligation hereunder, the Authority shall make written demand upon such Project Agreement Member. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Phase 2 Obligations are outstanding, for such additional time as is reasonably required, in the sole discretion of the respective Bond Trustee or Lender, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but such Project Agreement Member commences remedial action within such thirty (30) day period, such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to each other Project Agreement Member by the Authority. Upon failure of the Authority to perform any obligation of the Authority hereunder, a Project Agreement Member shall make written demand upon the Authority, and if such failure is not remedied within thirty (30) days from the date of such demand or, if Phase 2 Obligations are outstanding for such additional time as is reasonably required in the sole discretion of the respective Bond Trustee or Lender, to correct the same, such failure shall constitute an Event of Default at the expiration of such period. Notice of such demand shall be provided to each Project Agreement Member by such Project Agreement Member making such written demand.

In addition to any Event of Default resulting from breach by the Authority or a Project Agreement Member of any agreement, condition, covenant or term hereof, if the Authority or a Project Agreement Member shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Authority or a Project Agreement Member asks or seeks or prays to be adjudicated a bankrupt, or to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the Authority or a Project Agreement Member shall make a general or any assignment for the benefit of its creditors then in each and every such case, the Authority or a Project Agreement Member, as the case may be, shall be deemed to be an Event of Default hereunder.

(b)      Transfer for Defaulting Project Agreement Member's Account. Upon the failure of a Project Agreement Member to make any payment which failure constitutes an Event of Default under this Project Agreement, the Authority shall use its best efforts to transfer for the Project Agreement Member's account all or a portion of the Project Agreement Member's Participation Percentage for all or a portion of the remainder of the term of this Project Agreement. Notwithstanding that all or any portion of a Project Agreement Member's Participation Percentage is so transferred, such Project Agreement Member shall remain liable to the Authority to pay the full amount of its share of costs hereunder as if such sale or transfer has not been made, except that such liability shall be discharged to the extent that the Authority shall receive payment from the transferee thereof. In the event that all of the Project Agreement Members Participation Percentage for the remainder of the term of the Project Agreement is not transferred pursuant to this Section 9(b), the Authority shall implement the provisions of Section 6.3 in a manner to assure, to the fullest extent possible, timely payment of all Phase 2 Obligations by the Step-Up Members.

(c)      Termination of Entitlement to Participation Percentage Continuing Obligations. Upon the failure of a Project Agreement Member to make any payment which failure



constitutes an Event of Default under this Project Agreement, (ii) the failure of the defaulting Project Agreement Member to cure the default within the timeframes specified in Section 9(a), and (iii) the Event of Default causing the Authority to be in default under any Financing Document, the Authority may (in addition to the remedy provided by Subsection (b) of this Section 9) give notice of termination of the defaulting Project Agreement Member's Participation Percentages under this Project Agreement, which notice shall be effective 30 days following the sending of the notice unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, such Project Agreement Member shall remain liable to the Authority to pay the full amount of Phase 2 Costs hereunder.

(d) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of an Event of Default as defined herein, the Authority or a Project Agreement Member, as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Project Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action of law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Project Agreement or by law. The provisions of this Project Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, and the prevailing party shall be entitled to an award of its costs an attorney's fees.

## **Section 10     Indemnity and Contribution**

(a) Each Project Agreement Member, including Authority Members acting in their capacity as Project Agreement Members and notwithstanding [Section 6.7(b) of this Project Agreement,] shall indemnify, defend and hold the Authority, Authority Members and other Project Agreement Members and their directors, trustees, officers, employees, and agents harmless from and against any liability, cause of action or damage (including, without limitation, reasonable attorneys' fees) arising out of the performance of this Project Agreement in excess of the amount of such liability, cause of action or damage multiplied by each Project Agreement Member's Participation Percentage. Notwithstanding the foregoing, to the extent any such liability is caused by the negligent or intentional act or omission of an Authority Member or a Project Agreement Member, such Authority Member or Project Agreement Member shall bear such liability.

(b) Each Project Agreement Members, including Authority Members acting in their capacity as Project Agreement Members shall indemnify, defend and hold the Authority and the members of the Authority that do not execute this Project Agreement and their directors, trustees, officers, employees and agents harmless from and against any liabilities, costs or expenses of any kind (including, without limitation, reasonable attorney's fees) arising as a result of the activities described in or undertaken pursuant to this Project Agreement. All assets, rights, benefits, debts, liabilities and obligations attributable to activities undertaken under this Project Agreement shall be assets, rights, benefits, debts, liabilities and obligations solely of the Project Agreement Members in accordance with the terms hereof, and shall not be the assets, rights, benefits, debts, liabilities and obligations of the Authority or of those members of the Authority that have not executed this Project Agreement. Members of the Authority not electing to participate in the Project Agreement shall have no rights, benefits, debts, liabilities or obligations attributable to the Project Agreement.

## **Section 11     Term**

(a) No provision of this Project Agreement shall take effect until this Project Agreement has been duly executed and delivered by the Authority and by [one] Project Agreement Member and the such Project Agreement Member and the Authority deliver an opinion for each Project Agreement Member of an attorney or firm of attorneys in substantially the form attached hereto as **Exhibit G** and an opinion for the Authority of [Stradling Yocca Carlson & Rauth, a Professional Corporation,] Special Counsel, in substantially the form attached hereto as **Exhibit H**, respectively.

(b) The term of this Project Agreement shall continue until the later of \_\_\_\_\_, [2025] or the final maturity of the Phase 2 Obligations. The parties hereto agree to negotiate in good faith to amend this Project Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties, provided that the price to be paid with respect to the Participation Percentage in such amendment shall reflect the payment of capital costs to such date.

## **Section 12     Withdrawal From Further Participation**

Project Agreement Members may withdraw from this Project Agreement as provided in this Section 12.

(a) Except as otherwise provided in Section 12(b) below, a Project Agreement Member may withdraw from the Project by giving the Authority and all other Project Agreement Members written notice of such withdrawal not less than 180 days prior to the withdrawal date. Notwithstanding the foregoing withdrawal is conditioned upon the withdrawing Project Agreement Member's payment or agreement to pay its share of all Phase 2 Obligations authorized by the Authority and the Reservoir Committee prior to the effective date of such withdrawal. A withdrawing Project Agreement Member shall, not later than 30 days prior to the proposed withdrawal date, pay all such Project Agreement Member's financial obligations incurred prior to such withdrawal date pursuant to the terms of this Project Agreement or enter into an agreement acceptable to the Authority providing for continuing payment of such Phase 2 Obligations until fully paid.

(b) The Authority shall commence a rebalancing process no later than 90 days prior to the estimate date of completion of Phase 2A. Any Project Agreement Member may withdraw from the Project effective on the date of completion of Phase 2A by giving the Authority and all other Project Agreement Members written notice of such withdrawal not less than 60 days prior to the date of completion of Phase 2A. Notwithstanding the foregoing, withdrawal is conditioned upon the withdrawing Project Agreement Member's payment or agreement to pay its share of all Phase 2 Obligations issued to finance the cost of Phase 2A. A withdrawing Project Agreement Member shall, not later than 30 days prior to the estimated date of completion of Phase 2A, pay all such Project Agreement Member's financial obligations incurred with respect to Phase 2A prior to such withdrawal date pursuant to the terms of this Project Agreement or enter into an agreement acceptable to the Authority providing for continuing payment of such Phase 2 Obligations until fully paid.

(c) Withdrawal shall not excuse the withdrawing Project Agreement Member's performance of obligations imposed upon that party by any judgment which has been entered by a

court of competent jurisdiction or regulation to which the Authority or the Project Agreement Members are subject and that arise from or are related to activities of the Project Agreement conducted during the period when the withdrawing Project Agreement Member participated in this Project Agreement. Furthermore, the indemnification obligations and rights to contribution described in Section 10 of this Project Agreement shall survive a Project Agreement Member's withdrawal from this Project Agreement for activities under this Project Agreement conducted during the period when the withdrawing Project Agreement Member participated in this Project Agreement.

### **Section 13     Admission of New Project Agreement Members**

Additional Members of the Authority and Non-Member Participating Parties may become Project Agreement Members upon (a) the affirmative vote of at least 75% of the total weighted vote as provided at Subsection 3(g) of the then-current Project Agreement Members, (b) the affirmative vote of at least 75% of the total number of Directors of the Authority and (c) the written approval of each Bond Trustee or Lender with respect to Phase 2 Obligations, to the extent such Bond Trustee or Lender has an approval right under its respective Financing Document, and upon such conditions as are fixed by such Project Agreement Members.

### **Section 14     Amendments**

This Project Agreement may be amended only by a writing executed by the Authority, at least 75% of the total weighted vote as provided in Subsection 3(g) of the then-current Committee members and, if any Phase 2 Obligations are outstanding, the written approval of each Bond Trustee or Lender, to the extent such Bond Trustee or Lender has an approval right under its respective Financing Document.

### **Section 15     Assignment; Binding on Successors**

Except as otherwise provided in this Project Agreement, the rights and duties of the Project Agreement Members may not be assigned or delegated without the written consent of the other Project Agreement Members and the Authority, which consent shall not be unreasonably withheld. Any attempt to assign or delegate such rights or duties in contravention of this Project Agreement shall be null and void. Project Agreement Members may assign and delegate their rights and duties under this Project Agreement to other Project Agreement Members, and they may assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply, megawatt-hours of power) they expect to receive through their participation in this Project Agreement. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Project Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Project Agreement Members. Notwithstanding the foregoing, no such assignment shall be effective unless approval by each Bond Trustee or Lender with respect to Phase 2 Obligations to the extent such Bond Trustee or Lender has an approval right under its respective Financing Document.

The Authority may pledge and assign to any Bond Trustee or Lender all or any portion of the payments received under this Project Agreement from the Project Agreement Members and the Authority's other rights and interests under this Project Agreement. Such pledge and assignment by the Authority shall be made effective for such time as the Authority shall determine

and provide that the Bond Trustee or Lender shall have the power to enforce this Project Agreement if an Event of Default occurs under the applicable Financing Document.

**Section 16     Third Party Beneficiaries**

Any Bond Trustee or Lender shall have the right as a third party beneficiary to initiate and maintain suit to enforce this Project Agreement to the extent provided in any Financing Document. Any Project Agreement Member shall have the right as a third party beneficiary to initiate and maintain suit to enforce the obligations of other Project Agreement Members hereunder.

**Section 17     Counterparts**

This Project Agreement may be executed by the Authority and each Project Agreement Member in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Facsimile and electronic signatures shall be binding for all purposes.

**Section 18     Merger of Prior Agreements**

This Project Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understanding between the parties relating to the subject matter hereof. This Project Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

**Section 19     Severability**

If one or more clauses, sentences, paragraphs or provisions of this Project Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of the Project Agreement shall not be affected thereby.

**Section 20     Choice of Law**

This Project Agreement shall be governed by the laws of the State of California.

**Section 21     Notices**

Notices authorized or required to be given under this Project Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours, to the addresses set forth **Exhibit F (“Notifications”)**, or to such other address as a Project Agreement Member may provide to the Authority and other Project Agreement Members from time to time.



IN WITNESS WHEREOF, the Authority and Project Agreement Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[PROJECT AGREEMENT MEMBER]

Dated: \_\_\_\_\_

\_\_\_\_\_

(Authority & Project Agreement Member)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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EXHIBIT A

PROJECT AGREEMENT MEMBERS

[TO COME FROM AUTHORITY]

EXHIBIT B

PHASE 2 PROJECT DESCRIPTION

[TO COME FROM AUTHORITY]

EXHIBIT C

INITIAL PHASE 2 OBLIGATION TERM SHEET

[TO COME FROM MDA]



## EXHIBIT D

## ALLOCATION OF PRINCIPAL OF INITIAL PHASE 2 OBLIGATIONS

[TO COME FROM MDA]

<b>Project Agreement Member</b>	<b>Participating Percentage</b>	<b>Allocable Principal</b>	<b>Allocable Interest<sup>*</sup></b>	<b>Bank and Other Fees<sup>**</sup></b>	<b>Total</b>
	%	\$	\$		\$
	100%	[\$350,000,000]	n/a		n/a

<sup>\*</sup> Interest is expected to vary from time-to-time as described in the Term Sheet. Allocable interest shall equal a Project Agreement Member's Participation Percentage times actual interest paid in Phase 2 Obligations.

<sup>\*\*</sup> Estimated; may vary.

EXHIBIT E

STEP-UP PROJECT AGREEMENT MEMBERS

[WORKING ASSUMPTION IS THAT ALL PROJECT AGREEMENT MEMBERS ARE STEP-UP  
PROJECT AGREEMENT MEMBERS]

EXHIBIT F

NOTIFICATIONS

[TO COME FROM AUTHORITY]

EXHIBIT G

FORM OF OPINION OF PROJECT AGREEMENT  
MEMBER COUNSEL

[This opinion shall be delivered upon execution of the Phase 2 Reservoir Project Agreement]

\_\_\_\_\_, 2018

Sites Project Authority  
P.O. Box 517  
Maxwell, California 95955

Ladies and Gentlemen:

We are acting as general counsel to the \_\_\_\_\_ (the "Project Agreement Member") under the Phase 2 Reservoir Project Agreement, dated as of \_\_\_\_\_, 2018 (the "Agreement"), among the Sites Project Authority (the "Authority") and certain other entities including the Project Agreement Member, and have acted as general counsel to the Project Agreement Member in connection with the matters referred to herein. As such counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Project Agreement Member provided to us by the Project Agreement Member, (ii) certifications by officers of the Project Agreement Member, (iii) all necessary documentation of the Project Agreement Member relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Project Agreement Member, we are of the opinion that:

1. The Project Agreement Member is a \_\_\_\_\_, duly created, organized and existing under the laws of the State of California and duly qualified to furnish water services within its boundaries.

2. The Project Agreement Member has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Project Agreement Member has complied with the provisions of applicable law relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the Project Agreement Member, is in full force and effect as to the Project Agreement Member in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that the Authority has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such agreement, the Agreement constitutes the valid and binding obligation of the Project Agreement Member.



4. The obligation of the Project Agreement Member to make payments under the Agreement as provided in Section 6 of the Agreement is a valid legal and binding obligation of the Project Agreement Member enforceable in accordance with its terms.

5. No approval, consent or authorization of any governmental or public agency authority or person is required for the execution and delivery by the Project Agreement Member of the Agreement.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Project Agreement Member, any commitment, agreement or other instrument to which the Project Agreement Member is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Project Agreement Member (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Project Agreement Member and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Project Agreement Member or any entity affiliated with the Project Agreement Member or any of its officers in their respective capacities as such, which questions the power of the Project Agreement Member referred to in paragraph 2 above or the validity of the proceedings taken by the Project Agreement Member in connection with the authorization execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraphs 3 and 4 above are qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Site Project Authority. No other person is entitled to rely on this opinion, Nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

EXHIBIT H

FORM OF OPINION OF AUTHORITY SPECIAL COUNSEL

[This opinion shall be delivered upon execution of the Phase 2 Reservoir Project Agreement]

\_\_\_\_\_, 2018

Sites Project Authority  
P.O. Box 517  
Maxwell, California 95955

The Project Agreement Members Listed  
on Exhibit A attached hereto

Ladies and Gentlemen:

We are special counsel to the Sites Project Authority (the “Authority”) and are familiar with the Phase 2 Reservoir Project Agreement, dated as of \_\_\_\_\_, 2018 (each, an “Agreement”), among the Authority and each of the entities identified on Exhibit A attached hereto (each a “Project Agreement Member”) in connection with the matters referred to herein. As special counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Authority provided to us by the Authority, (ii) certifications by officers of the Authority, (iii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Authority, we are of the opinion that:

1. The Authority is a joint exercise of powers agency duly created, organized, and existing under the laws of the State of California.
2. The Authority has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Authority has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect as to the Authority in accordance with its terms and subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that each Project Agreement Member has all requisite power and authority, and has taken all necessary action to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Authority

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Agreement.

5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Authority, any commitment, agreement or other instrument to which the Authority is a party or by which it or its property is bound or affected, or, to the best of our knowledge, any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority or any of its officers in their respective capacities as such, which questions the powers of the Authority referred to in paragraph 2 above or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Authority and the Project Agreement Member. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Respectfully submitted,

EXHIBIT I

FORM OF PROJECT AGREEMENT MEMBER DIRECTION TO AUTHORITY TO PROVIDE  
COPY OF BILLING STATEMENT TO DWR

Sites Project Authority  
P.O. Box 517  
Maxwell, California 95955

The undersigned, an authorized officer on behalf of [PROJECT AGREEMENT MEMBER] (the "Project Agreement Member"), authorizes and directs the Sites Project Authority (the "Authority") to furnish the California Department of Water Resources ("DWR") with a copy of each written statement of the estimated Phase 2 Costs with respect to the Project Agreement Member in accordance with Section 6.2 of the Phase 2 Reservoir Project Agreement, dated as of \_\_\_\_\_, 2018 (the "Agreement"), among the Authority and certain other entities including the Project Agreement Member, by mail or E-mail at the following address:

California Department of Water Resources  
[P.O. Box 942836  
Sacramento, CA 94236-0001]  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_

The Project Agreement Member acknowledges and agrees that the failure of DWR to make any payment on behalf of the Project Agreement Member does not affect the obligation of the Project Agreement Member in accordance with Section 6.2 of the Agreement, which obligation shall remain absolute.

Dated: \_\_\_\_\_, 2018

[PROJECT AGREEMENT MEMBER]

By: \_\_\_\_\_  
Name:  
Title:



## Exhibit B: Phase 2 Project Description and Summary Work Plan

## Sites Reservoir Project Description

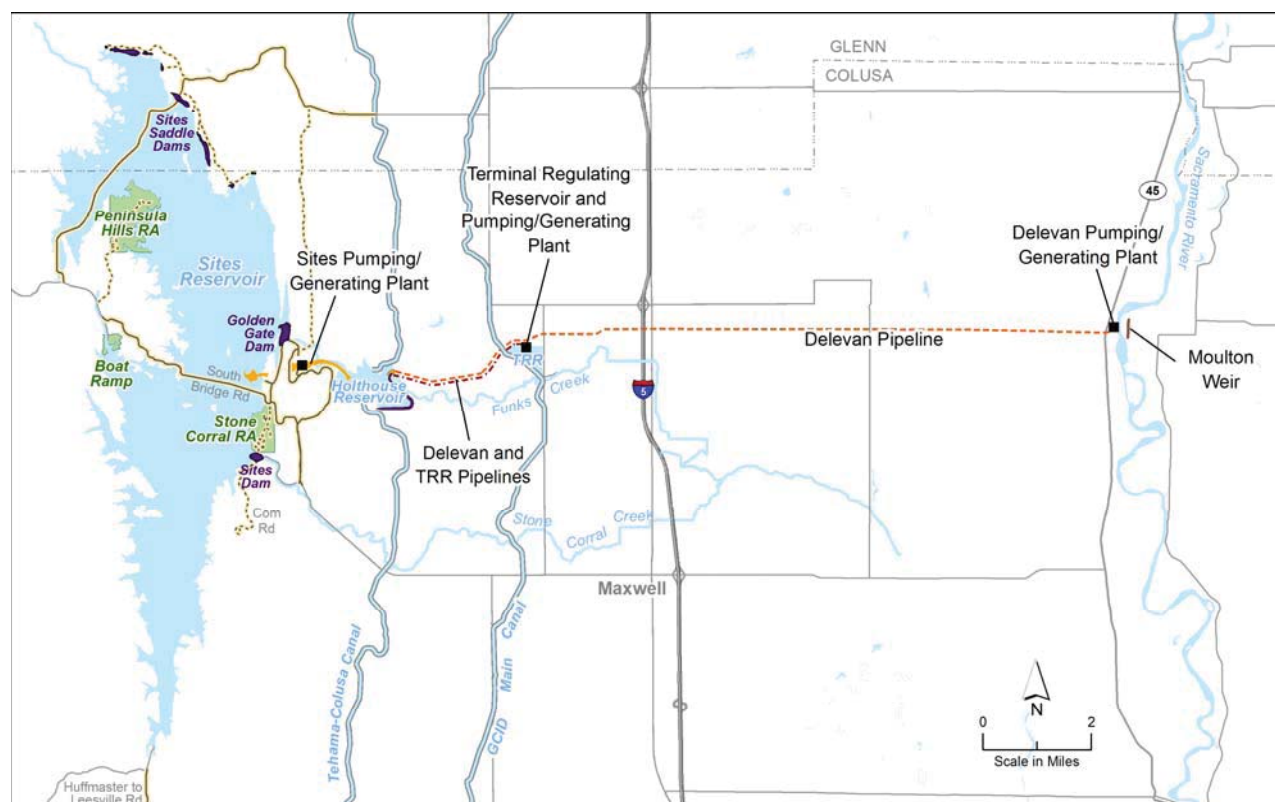
Construct a new reservoir with a capacity up to 1.8 million-acre feet on the west side of the Sacramento River Valley near Maxwell, CA. The offstream reservoir would be filled from three Sacramento River diversions, including the existing Tehama-Colusa Canal and the Glenn Colusa Irrigation District Main Canal. A new intake would be added on the Sacramento River due east of the reservoir at a location north of the City of Colusa. Approximately 13.5 miles of new pipeline would be needed to connect the new intake and Delevan Pumping/Generating Plant to Holthouse Reservoir.

Holthouse Reservoir is a new forebay/afterbay at the location of the existing Funks Reservoir to fill Sites Reservoir and to support both conventional and pumped-storage hydropower generation. Pumped-storage power would be generated at the Sites Pumping/ Generating Plant, located between Sites Reservoir and Holthouse Reservoir. A new regulating reservoir, the Terminal Regulating Reservoir, would also be provided for the Glenn Colusa Irrigation District Main Canal.

Other project features include two new recreation areas and a bridge/roads to connect the east and west sides of the reservoir.

The project would be cooperatively operated with Central Valley Project and State Water Project facilities to provide environmental benefits in addition to water supply. Releases for water supply would be made from Holthouse Reservoir to the southern portions of the Tehama Colusa and Glenn Colusa Irrigation District Main Canals for the Sacramento Valley and through the Delevan Pipeline for downstream users and export.

**Figure 1: Map with Facility Overview:**



**Table 1: Description of Proposed Facilities<sup>1</sup>**

<b>Facility</b>	<b>Feature</b>	<b>Description</b>
Sites Reservoir	Gross Storage Capacity	1.8 million acre-feet
	Water Surface Elevation	520 feet mean sea level (msl)
	Dam Crest Elevation	540 feet msl
	Minimum Operating Pool	320 feet msl
	Inundation Area (approximate)	14,000 acres
	Inlet/Outlet Type	Multi-level inlet/outlet tower A low-level inlet/outlet structure
	Recreation Facilities	Stone Corral, Peninsula Hills
Golden Gate Dam (Sites Reservoir)	Location	Funks Creek
	Type	Earth/Rockfill Embankment
	Crest Length	2,120 feet
	Maximum Height	310 feet
	Embankment Volume	10,590,000 cubic yards
Sites Dam (Sites Reservoir)	Location	Stone Corral Creek
	Type	Earth/Rockfill Embankment
	Crest Length	850 feet
	Maximum Height	290 feet
	Embankment Volume	3,836,000 cubic yards
Saddle Dams for Sites Reservoir	Location	North End of reservoir from Funks Creek to Hunters Creek
	Type	Earth/Rockfill Embankments
	Saddle Dams	40 to 50 feet high: #1, 4, and 9 70 to 130 feet high: #2, 3, 5, 6, 7, and 8
Emergency Spillway (Sites Reservoir)	Location	Saddle Dam 6
	Size & material	7-foot diameter RCP
	Inlet Elevation	525.5 feet (top of PMF storage)
Sites Reservoir Inlet/Outlet Works	Type	Multi-level Inlet Tower and Low-Level Outlet
	Capacity	15,200 cfs (emergency release)
	Size	30-foot-diameter concrete and steel-lined pressure tunnel
Sites Pumping/	Location	Downstream from Golden Gate Dam

<sup>1</sup> These descriptions are approximate and are consistent with those provided in the Feasibility Report (USBR, 2018) and draft EIR/EIS for Alternative D (Authority, 2017), and the WSIP Application to the California Water Commission (Authority, 2017). During Phase 2, as new information becomes available, these facilities may change should they be approved by the Reservoir Project Agreement Committee and/or by the Sites Project Authority.

Exhibit B: Phase 2 Project Description and Summary Work Plan

<b>Facility</b>	<b>Feature</b>	<b>Description</b>
Generating Plant	Flow Capacity (Pumping)	5,900 cfs pumping
	Flow Capacity and Head (Generating)	5,100 cfs generating 295 feet
	Generating Capacity	123 MW at 5,100 cfs
Holthouse Reservoir	Maximum Height	45 feet
	Max Water Surface Elevation	205 feet msl
	Total Capacity	6,500 AF
	Remaining Storage	6,500 AF
Delevan Pipeline from Sacramento River to T-C Canal	Flow Capacities	2,000 cfs pumping 1,500 cfs releasing
	Length	13 miles
	Size & material	Two 12-foot-diameter RCPs
	From/To	Sacramento River / Holthouse Reservoir
Delevan Intake Pumping/ Generating Plant	Location	West side of Sacramento River, near Highway 45
	Flow Capacities	2,000 cfs pumping 1,500 cfs releasing sustainable releases with short-duration releases of 2,500 cfs
	Fish Screens Required	Yes
Terminal Regulating Reservoir (TRR)	Capacity	1,200 AF
	Footprint	191 acres
	Depth	17 feet
	Maximum Embankment Height	21 feet
TRR Pumping/ Generating Plant	Location	TRR Reservoir
	Capacity	1,890 cfs pumping 900 cfs generating
	Pumping Head (Net)	900 cfs release
	Generation	98 to 114 feet, 9.8 MW
TRR Pipeline	Location	TRR Reservoir
	Flow Capacities	1,890 cfs pumping 1,500 cfs releasing
	Length	5 miles
	Size & material	Two 12-foot-diameter RCPs
	From/To	TRR Reservoir to Holthouse Reservoir
Powerlines (overhead)	Westside Interconnection	WAPA or PG&E connection for Sites PGP and TRR
	Delevan Intake Source	North/South Transmission to Delevan Intake

# Sites Reservoir Phase 2 Summary Work Plan

The implementation of Sites Reservoir is a large capital project that will be engineered, permitted, and constructed over a series of four phases. Each phase will achieve important milestones and there will be an opportunity to reassess the requirements and costs of the subsequent phase prior to proceeding to the next phase. Project participants will have an opportunity for rebalancing at the conclusion of each phase.

## Project Phases

Phase	Dates	Activities
1	2016-2018	Water Storage Investment Program (WSIP) application and draft environmental document
2A	2019-2020	Final Environmental Impact Report (EIR) (certified)/ Notice of Determination (NOD), Phase 2A geotechnical investigations and studies, surveying and mapping, preliminary engineering, develop performance specification for major equipment, agency coordination for permitting, biological assessment, system impact and facility studies by utilities, and plan to develop the hydropower as either part of the initial construction or deferred.
2B	2022 (Q2) <sup>1</sup>	Complete permits, obtain water rights, Final Environmental Impact Statement (EIS)/ Record of Decision (ROD), Phase 2B geotechnical site investigations and studies, final design of critical facilities (north bypass/construction road, inlet/outlet (I/O) tunnel, Holthouse, Sites pumping/generating (PGP), selection of pump/turbine equipment vendor(s), and modeling of major equipment, design of Delevan Intake and Fish Screen, finalize agreements with utilities for power/generation, develop Principles of Agreement with Reclamation and California Department of Water Resources (DWR), early real estate acquisitions, utility relocations and in support of construction, and site clearing
3	2022-2024	Final design for main and saddle dams, construct alternate roadway/bridge to Lodoga, real estate acquisition for the inundation area, demolition in inundation area, begin dam construction, major equipment manufactured and tested (ongoing), pipe segment fabrication, and acquire balance of real estate (Delevan pipeline and power transmission right-of-way).
4	2024-2030	Completion of the balance of construction, major equipment delivered and installed, commissioning plan, begin filling reservoir, construction of recreational areas,

The Phase 2 Workplan and Monthly proposed Cashflow Analysis is based on a Microsoft Project™ schedule for all phases of the project. As the project advances, changes to the schedule will affect the monthly cash flow. However, the Phase 2 cash flow will not exceed the financed amount. This will be accomplished by adjusting the lower-priority work to ensure the highest priority work is completed.

<sup>1</sup> Working assumption is construction financing will not be completed until the end of 2<sup>nd</sup> quarter of 2022. To mitigate for the risk of delay, the interim financing includes work planned to be performed during this 6 month period.

## Cost Estimate

The WSIP application included a Basis of Estimate Report with a detailed estimate for construction costs. Non-contract costs were estimated as percentages of the total construction cost. Per the WSIP regulations, all costs in the Basis of Estimate Report were provided in 2015 dollars.

### How Were the Costs Estimated?



## Risk Adjusted Costs

The Authority performed a Quantitative Risk Assessment (QRA) for the Sites Reservoir Project. A risk workshop was held on February 6–7, 2018. Information derived from the workshop was used to generate a risk register for the project. An integrated cost and schedule model was developed and a Monte Carlo simulation was used to estimate the risk to the Project's budget and schedule.

The mitigated cost growth of 4.2% were applied to the estimate along with a contingency of \$150M for mitigation uncertainty.

### Total Project Cost by Phase in 2015 Dollars with Contingency for Mitigated and Unmitigated Risk

	Phase 2		Informational & Subject to Change			
	Phase 2A	Phase 2B	Phase 3	Phase 4	Total	Escalated to 2018-Q1
Base Cost (2015) with Power Upgrade (\$50M)	\$180M	\$194M	\$1,257M	\$3,199M	\$4,830M	\$5,023M
Unmitigated	\$191M	\$205M	\$1,328M	\$3,381M	\$5,105M	\$5,309M
Mitigated	\$188M	\$202M	\$1,309M	\$3,335M	\$5,034M	\$5,235M
<b>Recommended Budget:</b> Mitigated with Contingency for Environmental Mitigation	\$188M	\$202M	\$1,309M	\$3,484M	\$5,184M	\$5,390M
<b>Phase 2 Work Plan Total</b> (2015 dollars)	\$ 390 M					
<b>Escalation to Nominal Dollars</b>	\$ 406 M					
<b>Funding from Other Sources</b>	\$ 56 M					
<b>Total Phase 2 Finance</b>	\$ 350 M					





**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 7

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** Discussion regarding Request for Proposals for Public Relations and Outreach Services

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**Staff Recommendation**

No recommendation. Board discussion and direct staff as desired.

**Summary**

On September 12, 2018, the Beaumont-Cherry Valley Water District (District) Board of Directors discussed the benefits of implementing a public relations and outreach program while keeping the costs associated with hiring an outside firm commensurate with those benefits, and directed staff to prepare a scope of work recommendation. Some of the key elements within the attached scope of work recommendation include:

- Provide leadership and direction for the implementation and maintenance of a District strategic communication plan that keeps the public and the workforce highly informed, engages the public in local government, and manages media relations.
- Community outreach to involve public engagement and facilitation of the Proposition 218 process for setting water rates and fees, water quality reporting, graphic design, and media production
- Developing public relations strategies to raise public and community awareness of District matters upon direction and approval by the District's General Manager and Board of Directors
- Providing recommendations and/or strategies as deemed appropriate to enhance the District's image, messaging and brand identity

A potential next step would be for staff to include this scope in a formal Request for Proposals.

**Fiscal Impact:**

The fiscal impact is unknown at this time and will be presented to the Board when additional information becomes available.

**Attachments:**

BCVWD Public Relations and Community Outreach Consulting Services SCOPE OF WORK RECOMMENDATION - DRAFT

Report prepared by Bill Clayton, Senior Finance and Administrative Analyst

**BCVWD  
PUBLIC RELATIONS AND COMMUNITY OUTREACH  
CONSULTING SERVICES**

## **SCOPE OF WORK RECOMMENDATION - DRAFT**

**a. NATURE OF SERVICES REQUIRED**

The following shall act only as a preliminary Scope of Services to generally communicate the District's expectations. Firms should identify any additional services required to meet District's expectations, price them, and explain them in their response.

Account Management

- Execute a weekly strategy discussion with designated District contact(s) by phone.
- Monitor local and national publications and online alerts for stories about Beaumont/Cherry Valley area.
- Monitor and report on communications metrics on a monthly basis. Metrics may include, but are not limited to: hits per page; most visited page, total views; total time spent on website; bait clicking; and other performance measures as determined.
- Develop and manage a 12-month calendar for District communications and a related plan for executing on that plan.
- Provide leadership and direction for the implementation and maintenance of a Beaumont-Cherry Valley Water District strategic communication plan that keeps the public and the workforce highly informed, engages the public in local government, and manages media relations.
- Champion, manage, and monitor the use of all forms of communication including social media platforms, the district's media channels, print materials, and other communication methods that are available or might become available in the future.
- Provide recommendations and/or strategies as deemed appropriate to enhance the District's image, messaging and brand identity.
- Concept development, including quality graphic design.
- Develop original copy (text), copywriting and editing. This may also include Spanish marketing collateral.

Community Outreach

- Develop a monthly digital news platform to educate and advise subscribers on District's issues, meetings, events, programs, services and/or projects on a monthly basis.
- Work with District partners and influencers to gather news about Beaumont-Cherry Valley Water District for distribution via social media, e-news platform or District website.
- Develop news releases, media advisories, articles, website content and fact sheet for District events, initiatives, projects, and services.
- Community outreach to involve public engagement and facilitation of the Proposition 218 process for setting water rates and fees, water quality reporting, graphic design, and media production.

- Examine existing and upcoming programs and initiatives of the District and develop strategies for promoting these efforts to the community.

#### Public Relations

- Enhance the District's public media outlets; to include, providing strategic support for communications projects, initiatives, and campaigns designed to advance the District's vision, mission, image and branding.
- Develop public relations strategies to raise public and community awareness of District's upcoming Centennial Celebration in 2019.
- Create messaging to drive interaction and build excitement through sharing relevant content and providing opportunities to interact with the programs/services. Draft and edit news releases, media advisories, informational matter and distributing to designated media outlets upon direction and approval by the District's General Manager or designee.
- Develop public relations strategies to raise public and community awareness of District's matters upon direction and approval by the District's General Manager and Board of Directors.
- Develop a communication strategy, electronic material, and mailing notices in compliance of Proposition 218 based on draft rate adjustments provided by the District.
- Develop a series of new customer on-boarding engagement email messages and content about the District services, meetings, and service options.
- Develop strategies for countering misinformation and misconceptions.
- Tracking and responding to stories, events, crisis, in the media that may benefit the District from a response on behalf of the District, upon direction and approval by the District's General Manager or designee.

#### Social Media

- Work with District's IT Department to develop a concrete email marketing and geo-targeting strategy using tools like: YouTube and Twitter.
- Provide District staff with guidance on email marketing best practices and emails as a key source for social media content. Identify appropriate imagery to use, where possible to aid the work impact and reach of social media posts.
- Build messaging that can be used in various channels including social media and paid traditional media to geo-target key audiences through timely/relevant channels to drive awareness, create an emotional connection and educate on key actions, and drive traffic to the website.

#### Multi-Media

- Produce 1 - 3 monthly videos in Spanish and English that, in 30 seconds to a minute, to address community water issues, public information explanation or event promotion. Assist District Staff in adding videos to its social media channels.



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 8

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** Consideration of Well 22 Pumping Facility Improvements

---

**Staff Recommendation**

Discuss required additional facility upgrades at Well 22 necessary to replace well pumping unit materials and equipment found to have reached the end of their service life, and improvements recommended by staff to improve the well head facilities and associated piping appurtenances to conform to the State of California Department of Water Resources (DWR) groundwater well standards and to eliminate confined space entries at this facility.

**Background**

During the July 26, 2018 Board of Directors Engineering Workshop, the Board authorized the General Manager to enter into a \$74,709.30 contract with Legend Pump & Well Services, Inc. for the rehabilitation and repair of District-owned Well 22. Said contract included bid items related to removal and refurbishment of well column, tube and shaft components of the existing well pumping unit with certain contingencies typically necessary to refurbish said equipment.

As was presented to the Board during the General Manager's report on September 12, 2018 Regular Meeting of the Board of Directors, all down-hole equipment for Well 22 has reached the end of its service life or is damaged and beyond repair. District staff has solicited costs for materials and equipment necessary to replace said materials and equipment from our pump repair contractor, Legend Pump & Well Services, Inc. Legend Pump & Well Services, Inc. has also identified an option that may be available to replace the unserviceable 10" well column with some used well column they have in stock at a cost much less than new column could be purchased for. Staff is reviewing this suggested cost savings option for this particular well due to the limited probable life.

It was the desire of both staff and the Board to move forward quickly with repairs to Well 22 in order to restore pumping capacity to the 2750 Pressure Zone. While this need is still great, staff has identified the opportunity to make necessary improvements to the Well 22 Pumping Facility during these repair and rehabilitation efforts to improve said facilities as necessary to meet State of California, Department of Water Resources well standards. A description of these additional opportunities and improvements are described in detail below:

- 1. Extend the Pump Casing and Pedestal to comply with Department of Water Resources (DWR) Standards for the Construction of Ground Water Wells.** Current DWR standards require that the top of a ground water production well casing and mounting plate pedestal be a minimum of eighteen inches (18") above ground level to reduce the potential of contamination. The current Well 22 pedestal is approximately three inches (3") above local ground level. The District is capable of extending the existing casing and constructing a new concrete pedestal with in house staff which



would satisfy DWR standards at Well 22. However, in doing so, additional work will be required to realign the discharge piping and extend the electrical motor leads.

2. **Extend electrical motor leads.** Extending the existing pump pedestal to achieve the 18" requirement will create a condition where the existing electrical motor leads will be too short to terminate in the raised motor junction box. New electrical motor leads will need to be furnished and installed between the motor starter located in the electrical panel and the electric motor located above the pedestal.
3. **Realign discharge piping into the existing sand separation tank at Well 22.** In raising the pedestal, the discharge piping will need to be realigned to allow connection of the well to the existing distribution system, this condition also provides an opportunity for the District to improve certain undesirable well head piping features. Finally, well 22's discharge piping includes a 12" diameter pump control valve which is oversized for the discharge capacity Well 22 currently provides. Staff recommends replacing this valve with a more appropriately sized 10" pump control valve. Routine maintenance of Cla-valves has a cost that is directly impacted by the size of the valve and the smaller valve installation will also provide future cost savings related to maintenance and repair activity of internal valve components.

Staff requests that the Board consider these additional Pumping Facility upgrades while the Well 22 pumping unit is removed. Staff is currently collecting costs associated with the described activities, and will provide a summary of those costs and/or estimated expenses during the Engineering Workshop for Board review, discussion and consideration. The extension of the Well 22 pedestal will not only bring the facility into compliance with DWR standards for ground water wells but will also improve the safety of staff by eliminating confined space entries at this facility and reduce the cost of future Cla-valve maintenance.

### **Fiscal Impact**

Staff is currently working on a total project cost and shall provide this information as a handout at the September 27, 2018 Board of Directors Engineering Workshop.

Staff further identifies that these costs would be financed with Capital Facilities Replacement Reserves.

### **Attachments**

Well 22 Staff Report dated 7/26/2018 - approved

Prepared by: James Bean, Assistant Director of Operations





**Beaumont-Cherry Valley Water District  
Special Board Meeting  
July 26, 2018**

**Item 2**

**STAFF REPORT**

**TO:** Board of Directors

**FROM:** Dan Jagers, General Manager

**SUBJECT:** **Authorization of General Manager to enter into a Contract for the Repair and Rehabilitation of Well 22**

---

**Staff Recommendation**

Authorize the General Manager to enter into a contract for an amount not to exceed \$121,200.00 with Legend Pump and Well Service Inc. to perform the work necessary to remove, inspect and repair the District's existing Well 22 pumping unit.

**Background**

Well 22 is located within the City of Beaumont along Oak Valley Pkwy between Michigan Avenue and Palm Avenue. This well supplies water to the District's 2750 (Beaumont) pressure zone, and is owned and operated by the District. Well 22 was constructed (drilled) in 1981 to a depth of 798 feet by SoCal Pump & Well Service, Inc. of Bloomington, California. The well construction consists of approximately 555 feet of casing.

Originally, Well 22 was equipped with a 400 horsepower motor, and a 14" pumping unit with a maximum historic pumping capacity of approximately 2,100 gallons per minute (1,200 to 1,400 gallons per minute recently) when pumping to the 2750 pressure zone. The well was last serviced in 1992, which included service of the motor and installation of a new pumping unit bowl assembly.

**Summary**

Staff has identified the need to remove and inspect Well 22's pumping unit due to a decrease in performance experienced during the month of June 2018. Staff noted an initial decline in pumping performance from 1,200 to 1,400 gallons per minute to 600 gallons per minute. Subsequently, Staff verified the well's flow meter calibration with McCrometer Inc. Staff also identified that the well seemed to be producing a significant amount of sand during startup. This increased sand production may have adversely affected the pumping unit performance due to excessive wear. Staff has removed Well 22 from operation at this time.

Well 22 has a sand separator on the bottom of the pumping unit and Staff has identified the need to inspect and possibly replace the sand separator unit. Based upon Well 22's rapid decline in performance to approximately 43% of the normal flow rate, it is Staff's opinion that the pumping unit has failed. Staff has included replacement of the pumping unit and the sand separator (about \$10,000) as part of the base bid work to be completed.

It is anticipated that the repair work will require removal, inspection, and more than likely replacement of the pumping unit and possibly the sand separator. Staff proposes to video inspect, wire brush, and bail clean the Well while the pumping unit is removed. The motor will be inspected by the District's motor vendor, Brithinee Electric and serviced and repaired as needed.



Additional well rehabilitation may be warranted using chemical well rehabilitation. The necessity of this work item will be determined subsequent to the completion of a well inspection video which will be performed as part of the work.

Staff solicited bids for said project in the local newspaper, on the District's website during a two-week period in July, and also contacted local area well maintenance companies who have expressed interest in bidding District work. Sealed bids were received from four (4) pump and well service companies and opened on July 18, 2018. The bid results are set forth in Table 1 and include the Base Bid Schedule as well as possible additional work related to Chemical Well Rehabilitation. Staff anticipates chemical well rehabilitation will most likely not be required but wished to secure approval of expenditures for this item in the event the well inspection video presents evidence that this work may be necessary.

**Table 1**  
**WELL 22 PUMP REPAIR AND WELL REHABILITATION**  
**SUMMARY OF BID RESULT**

<b>Bidder</b>	<b>Base Bid Amount (Basis of Award)</b>	<b>Chemical Well Rehabilitation Additive Bid Item</b>	<b>Total Base Bid and Chemical Well Rehabilitation</b>
L.O. Lynch, Quality Wells and Pumps, Inc.	\$102,970.00	\$16,170.00	\$119,140.00
Tri County Pump Company	\$89,973.00	\$89,084.00	\$179,057.00
Best Drilling and Pump	\$86,530.00	\$50,000.00	\$136,530.00
<b>Legend Pump &amp; Well Services, Inc.</b>	<b>\$74,709.30</b>	\$36,480.00	\$111,189.30

Staff has completed a review of the submitted bids and has determined that Legend Pump and Well Service Inc. is the lowest responsive bidder for both the Base Bid as Well as the total bid with chemical rehabilitation. The bid amounts set forth in Table 1 include Base Bid Amounts which establish the Basis of Award and are based on the Scope of Work-Fee Schedule included in the bid packet. Said Scope of Work – Base Bid sets forth the minimum work Staff anticipates will be required for repair of Well 22.

Said Base Bid Schedule does not include any additive work items, which may be necessary or desired by the District once the pumping equipment is removed from the well and inspected, and upon completion of the initial video survey of the condition of the well. The Bid does include Additive Bid Schedules which include costs for Chemical Well Rehabilitation (probably not necessary at this time) however requested herein for authorization if necessary, and typical items that may need replacement during the well repair and rehabilitation project. These items are included in the Bid Schedules to establish pricing in the event said work is deemed necessary.

Staff has requested a contingency of approximately 10% as identified in Table 2, to provide for minor maintenance items which may need to be replaced as part of the work activities.

At this time, Staff requests that the Board authorize award of the work related to repair and rehabilitation of Well 22 to Legend Pump & Well Services in the amount set forth in Table 2, hereafter.



**Table 2**  
**WELL 22 SUMMARY OF REQUESTED WORK AUTHORIZATION**

<b>Work Item</b>	<b>Description of Work</b>	<b>Base Bid Amount (Basis of Award)</b>
1	Base Bid Work (Pump Removal, Well Videos, Well and Pump Bowl Refurbishment and Rehabilitation) (Estimated Cost)	\$64,804.30
2	New Sand Separator with Pump Flow of 1,200-1,700 GPM (Estimated Cost)	\$9,905.00
3	Chemical Well Rehabilitation (Additive Bid Item to be performed as necessary)	\$36,480.00
<b>Well Rehabilitation Work with Chemical Rehabilitation</b>		<b>\$111,189.30</b>
<b>Well Rehabilitation Services Contingency (~9%)</b>		<b>\$10,000.00</b>
<b>Total Requested Authorization (Rounded)</b>		<b>\$121,200.00</b>

In the event the inspection of the well indicates the need to perform additional work to rehabilitate the well in excess of the \$121,200.00 identified herein, Staff will seek additional direction from the Board of Directors before additional action is taken.

#### **Fiscal Impact**

The fiscal impact to the District will be an amount not to exceed \$121,200.00, as set forth in Table 2 above. This not-to-exceed amount includes additional funds over the base bid amount to cover the cost of chemical treatment (if necessary) and to provide approximately 9% contingencies for replacement of normally worn well components.

Funds are available from the Capital Replacement Reserve funds for completion of this work.

Report prepared by James Bean, Assistant Director of Operations



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 9

**STAFF REPORT**

**TO:** Board of Directors

**FROM:** Dan Jagers, General Manager

**SUBJECT:** **Review and Discussion of Landscape Services Request for Proposals, Bid Results, and Landscaping Strategies Moving Forward**

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**Staff Recommendation**

Review and discuss responses to BCVWD's Landscape Services Request for Proposals (RFP) and discuss possible strategies moving forward in providing for the District's landscape maintenance needs.

**Background**

District Staff issued a Request for Proposal (RFP) for comprehensive landscaping services for all District facilities excluding Edgar Canyon Facilities. A copy of that Landscape Maintenance RFP will be available for review at the October 2, 2018 Special Meeting of the Board of Directors. Staff received bids from two (2) landscape maintenance contractors. A summary of said bids are set forth in Table 1.

**Table 1**

**Bid Summary of Landscape Maintenance RFP**

Bidder	Summary of Bid Results
Urban Habitat	\$93,790.00
Mariposa Landscapes, Inc.	\$246,454.16

District Staff will review the requested services and associated bids during the Engineering Workshop.

The proposed Landscape Services RFP require the Bidder to pay prevailing wage which results in the fairly significant costs.

BCVWD's 2018 operating budget may not provide a sufficient funding source to fund the 2018 work component based on the requirement to pay prevailing wage and the scope of work required to accomplish District needs.

Subsequent to receipt of the bids, staff began investigating activities that may provide an alternate strategy to meet District needs until water rates can be reviewed to provide possible funding sources. Staff has identified three (3) options for modified landscape services as follows:

1. **Cal Fire Hand Crews** (Fire Crews) through the California Department of Corrections and Rehabilitation. The Fire Crews are local resources, stationed in Oak Glen, and provide a fourteen (14) man crew capable of providing services identified in the Landscape Maintenance RFP at a very low cost. Due to the size of the crew and the efforts to mobilize and demobilize, only the larger District facilities (i.e. Noble Creek Recharge Facility Phase I-II and Edgar Canyon) provide an efficient opportunity for the use of this resource. In



addition, Fire Crews are subject to emergency services and can be reassigned at a moment's notice or be unavailable for months at a time.

2. **California Conservation Corps (CCC)** is also capable of providing services identified in the Landscape Maintenance RFP. Based upon discussions with CCC personnel, CCC staff is not subject to prevailing wage requirements. The CCC is stationed out of San Bernardino and consist of ten to fifteen (10-15) young men and women ages 19-24 with a crew supervisor. The CCC provides their own tools, fuel, personal protective equipment (PPE), and insurance. These crews are capable of being split up to provide services at both the large and small District facilities. This resource can also be used to provide services in Edgar Canyon for weed control and general facility maintenance (i.e. painting pumps, piping, and buildings).
3. **Additional BCVWD staff** could be planned for and hired to provide maintenance activities of District Facilities as soon as early 2019 on a temporary or full time basis. However, this work may decline over time as the District modifies existing facility landscaping to drought tolerant and California-friendly designs.

Staff will review preliminary estimates related to these three options at the Engineering Workshop.

### **Fiscal Impact**

To be determined.

Prepared by: James Bean, Assistant Director of Operations





**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 10

**STAFF REPORT**

**TO:** Board of Directors

**FROM:** Dan Jagers, General Manager

**SUBJECT:** Discussion Regarding Request for Upgrade of Service at 10600 Highland Springs Avenue (Highland Springs Resort)

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**Staff Recommendation**

Discuss a request for upgrade of service for the 18.69-acre property located at 10600 Highland Springs Avenue (Highland Springs Resort).

**Background**

Highland Springs Resort Management contacted District Staff on the morning of August 29, 2018, indicating that they were experiencing pressure issues with their service connection. Staff met with Resort Management later that same afternoon to physically observe and understand the issue described by Resort Management. The field meeting began at the Resort's water meter service connection (existing 2" meter and 2" backflow device) which is located at 10644 Chisholm Trail, Cherry Valley (See Figure 1).

After some brief discussion at the meter location, Resort Management escorted District Staff to the location where the Resort conveys the domestic water into their on-site water system. Further discussion between Resort Management and District Staff occurred and Resort Management explained the pressure and flow issues they are experiencing with domestic system and needs.

It was the belief of Resort Management that the meter was set several years ago, by the District, to fulfill a fire flow requirement at the Resort subsequent to a fire that occurred on the property at one of their main facilities. The fire was believed to occur sometime in the early 1970's.

District Staff indicated to Resort Management that further investigation of the matter will be required. Resort Management had indicated to Staff that they would like to potentially upsize their line and increase the delivery pressure to better service their facilities.

Subsequent to the field meeting, District Staff started researching the history of service to the property and has determined that discussions between the District and the Resort go back to the mid-1950's. Staff has also identified that the existing water service (meter) was intended to be for emergency purposes only. Staff further identifies that at some point in the past, it appears that the Resort converted the emergency service to their domestic water supply. Staff has been unable to find District approval regarding this conversion.

**Summary**

As stated above, the Resort is experiencing pressure and flow issues and they would like to know what could be done by the District to resolve their issue. District Staff also identifies said facility uses a significant amount of BCVWD water. This use will be reviewed verbally by Staff at the workshop.



### **Attachments**

Figure 1 – Site Map of 10644 Chisholm Trail – Meter Location for 10600 Highland Springs Avenue.

Report prepared by Mark Swanson, Senior Engineer

[illegible]



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 12

**STAFF REPORT**

**TO:** Board of Directors

**FROM:** Dan Jagers, General Manager

**SUBJECT:** Discussion regarding Request for Temporary Service to Property located at 37534 Cherry Valley Boulevard in the Community of Cherry Valley

---

**Staff Recommendation**

Discuss a request for temporary water service for property located at 37534 Cherry Valley Boulevard, identified as **Riverside County Assessor's Parcel No. (APN) 407-150-013** within the community of Cherry Valley.

**Background**

Cherry Valley residents, Jack and Patricia Bowie (Owners), historically have received potable water from a private well, which is located on their property, since their purchase approximately 19 years ago. Per discussions with the owners, approximately one year ago the water level below a serviceable level of the pumping unit of the well (said well is now out of service). The owners have reviewed multiple solutions to restore water service. Options include drilling a new well and requesting temporary water service from Beaumont-Cherry Valley Water District until permanent water service can be achieved from the District.

This property currently is not located in the District's service area, but is within the District's sphere of influence, and is located two (2) parcels west of the BCVWD Hannon Reservoir Site as shown on Figure 1 attached.

**Summary**

As stated above, the Owners' existing well went out of service approximately one year ago. Since that time the owners have been purchasing water and hauling it onto the property, via pick-up truck, for potable water use.

The owners are seeking a more permanent solution to their water supply needs. The Owners also understand that a new housing development (Sunny Cal Egg Ranch development) proposes to install a main line extension across their property frontage as part of that development's required work. At this time the owners are requesting the Board consider their request to establish temporary water service until a more permanent service can be installed. When the future Sunny Cal Egg Ranch housing tract project commences construction and extends the 2750 pressure zone an opportunity for permanent water service will be available. As part of the process of establishing permanent water service from the District, the Owners would be required to annex into the District's service area. Ultimately, a permanent water service would be required to be installed at the Owners' cost. The annexation process would require the Owners to apply to and process the LAFCO annexation.





As part of the process of establishing a temporary water service the following items must be addressed:

1. The temporary service request could require a period of temporary service to extend beyond the District's policy of 180 days for temporary service. BCVWD's Rules and Regulations Section 3-3.1.3 states "Maximum duration [of temporary service] shall be six (6) months from the date of issuance. The date may be extended by written authorization by the District setting forth a new expiration date."
2. The temporary service would need to be extended through a neighboring property (APN 407-150-016) and the Owners shall be responsible for obtaining approval and temporary easement for said service from said parcel's owner.
3. The District's Hannon Reservoir Site (Pressure Zone 2650) is roughly the same elevation as the south end of the Owners' property (approximately 2635), therefore water service must be provided by the District's 2750 pressure zone located on the District's Hannon Reservoir Site. A point of connection will have to be determined by the District and all costs of that temporary connection will require to be paid for by the Owners.
4. Water supply from the existing well (currently out of service) must be discontinued while temporary and/or permanent service is provided by the District.
5. Said temporary and/or permanent water service will be provided by the District through and approved Backflow device.

The temporary water service connection would be provided on the Hannon Reservoir Site where the District can access the meter. It would be the responsibility of the owner to furnish and install all piping necessary to connect to said temporary meter and facilitate the delivery of the water from the proposed temporary meter to their residence and possibly their current water storage tank (from well system) which appears to be set back from the street approximately 950 feet.

District staff identifies that in the event a temporary water service is considered by the Board of Directors, certain Conditions of Service should be set forth in a letter Agreement with said property owners. Said agreement should set forth items such as, but not limited to

1. Length of temporary water meter service (approved duration of temporary service)
2. Criteria for temporary and subsequent permanent water service
  - a. LAFCO annexation
  - b. Maximum time where temporary service will be required to convert to permanent service
  - c. Estimated cost of complete water service installation (facilities fees, annexation fees, front footage fees, inspection and installation fees related to temporary and permanent service, etc.)
  - d. Water delivery through approved backflow device

Table 1, hereafter, sets forth options the Board of Directors should discuss for establishing the duration of temporary water service:





**Table 1**  
**Time Limit Options for Temporary Water Service to 37534 Cherry Valley Blvd**

OPTION	TERM	NOTE
A	180 Days	BCVWD Rules and Regulations Section 3-3.1.3 Temporary Service Period
B	2 Years	Extended Temporary Service Period
C	5 Years	Extended Temporary Service Period (Owners' Request)

**Fiscal Impact**

None. All fees and deposits will be paid by the Applicant prior to providing service.

**Attachments**

Letter of Request from Owner

Figure 1 – Site Map of Hannon Tank and 37534 Cherry Valley Blvd.

Report prepared by Erica Gonzales, Administrative Assistant and Mark Swanson, Senior Engineer

August 23, 2018

To whom it may concern:

As owners of the property located at 37534 Cherry Valley Blvd., we have operated and maintained a private well, for potable water use, for approximately 19 years. In 2017 this well ran dry and cannot be used for potable water at this time. In our opinion, the prolonged drought and the number of wells being drilled in the area have adversely affected the water table and our well in particular.

We are optimistic that the weather may change and our well will be useful again. We also understand that a new housing project is in the near future for Cherry Valley and will provide the opportunity to connect to the Beaumont-Cherry Valley Water District's system permanently. In the interim, my wife and I would like to request to connect to the water system with a temporary connection for 5 years.

Due to the well no longer producing potable water to our property, my wife who is 75 years old, and myself, 81, have had to purchase potable water and haul it in the back of my pick-up truck to the property.

We truly appreciate the help that your staff has already given and your consideration in this matter.

Respectfully,

Jack and Patricia Bowie

Figure 1  
 Site Map of Hannon Tank and 37534 Cherry Valley Blvd. (APN 407-150-013) - Temporary Service Connection





**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 13

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** Consideration of Scheduling a District Facilities Tour

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**Staff Recommendation**

No recommendation. Direct staff as desired.

**Background**

Due to scheduling conflicts and a vacancy on the Board of Directors, the District Facilities Tour scheduled for September 7, 2018 was cancelled. With the vacancy now filled, this has been brought to the Board to reschedule.

The most recent District Facilities Tour took place in January 2015, and was attended by the Board of Directors. The facilities tour was open to the public; however, there were no public attendees. Staff believes the Board of Directors would benefit from a first-hand look at some key facilities within the District.

Staff is requesting that the Board consider a series of potential dates and times for a District facilities tour and would like direction regarding which facilities are priority for the Board to tour.

**Fiscal Impact:**

Costs including transportation (vehicle rental, mileage and fuel), director per diems, and miscellaneous administrative costs, total an estimated fiscal impact of \$1,250.

Report prepared by Erica Gonzales, Administrative Assistant





**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 14

STAFF REPORT

**TO:** Board of Directors

**FROM:** Dan Jagers, General Manager

**SUBJECT:** **Consideration of Attendance at the Association of California Water Agencies Annual Fall Conference in San Diego, Nov. 27 – 30, 2018**

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**Staff Recommendation**

Consider assignment of two members of the Board of Directors and / or Staff to represent BCVWD at the ACWA Conference, to be held November 27 - 30, 2018 at the Manchester Grand Hyatt in San Diego.

**Background**

The BCVWD Policies and Procedures Manual Part II, Section 12 A states:

Members of the Board of Directors are encouraged to attend educational conferences and professional meetings when the purposes of such activities are to improve District operation. Hence, there is no limit as to the number of Directors attending a particular conference or seminar when it is apparent that their attendance is beneficial to the District.

Attendance at the ACWA conference can be beneficial to the District at this time. With the contract for a grant writer coming before the Board, the conference provides a forum to learn about potential grant opportunities and make strategic contacts. In addition, the changing landscape of rates, along with the large water projects that directly impact BCVWD (Sites Reservoir and California Water Fix) will be hot topics at the event and it would serve BCVWD to be well informed.

The ACWA conference is held alternating years in either Southern or Northern California. The location in San Diego in 2018 provides a convenient driving opportunity to attend without significant travel.

**Fiscal Impact**

Estimated cost per conference attendee:

Conference registration with meal package	699.00
Hotel (check in 11/26, check out 11/30 = 4 nights @ \$199 + tax)	904.00
Meals and incidentals (3.5 days: 3 dinners, 3 breakfasts*)	\$144.00
Transportation (driving personal vehicle 224 miles RT @ 54.5 cents/mile)**	\$122.08
Director per diem (5 days @ \$200 per day)	\$1,000.00
Estimated cost per conference attendee	<b>\$2,869.08</b>

\*U.S. General Services Administration per diem rates for San Diego = \$17 breakfast, \$31 dinner

**Attachments**

BCVWD Policies and Procedures Manual Part II, Section 12 A  
Preliminary Conference Agenda

Report prepared by Lynda Kerney, Administrative Assistant



- iii. Amend these rules in whole or in part; or,
- iii. Both.

## 12. TRAINING, EDUCATION AND CONFERENCES

- A. **Policy.** Members of the Board of Directors are encouraged to attend educational conferences and professional meetings when the purposes of such activities are to improve District operation. Hence, there is no limit as to the number of Directors attending a particular conference or seminar when it is apparent that their attendance is beneficial to the District.
  - i. "Junkets" (a tour or journey for pleasure at public expense), however, will not be permitted.
- B. **Expenses.** It is the policy of the District to encourage Board development and excellence of performance by reimbursing actual expenses incurred for tuition, travel, lodging and meals as a result of training, educational courses, participation with professional organizations, and attendance at local, state and national conferences associated with the interests of the District. Cash advances or use by Directors of District credit cards for these purposes is not permitted unless approved by Article 14E.
  - i. Staff as assigned by the General Manager is responsible for making arrangements for Directors for conference and registration expenses, and may help as requested for per diem. Per diem, when appropriate, shall include reimbursement of expenses for meals, lodging, and travel. All expenses for which reimbursement is requested by Directors, or which are billed to the District by Directors, shall be submitted to the assigned staff member, together with validated receipts in accordance with State law.
  - ii. Attendance by Directors of seminars, workshops, courses, professional organization meetings, and conferences shall be approved by the Board of Directors prior to incurring any reimbursable costs.
  - iii. Expenses to the District for Board of Directors' training, education and conferences should be kept to a minimum by utilizing recommendations for transportation and housing accommodations put forth, if any, by the event sponsor and by:
    - a. Utilizing hotel(s) recommended by the event sponsor in order to obtain discounted rates or using other less expensive nearby lodging.
    - b. Directors traveling together whenever feasible and economically beneficial.

# ACWA 2018 Fall Conference & Exhibition

## PRELIMINARY AGENDA

November 27-30, 2018 • San Diego

### ACWA JPIA - MONDAY, NOV. 26

- 8:30 - 10:00 AM**
- ACWA JPIA Program Committee
- 10:15 - 11:15 AM**
- ACWA JPIA Executive Committee
- 1:30 - 4:00 PM**
- ACWA JPIA Board of Directors
- 4:00 - 5:00 PM**
- ACWA JPIA Town Hall
- 5:00 - 6:00 PM**
- ACWA JPIA Reception

### TUESDAY, NOV. 27

- 8:00 AM - 9:45 AM**
- Agriculture Committee
- 8:00 AM - 6:00 PM**
- Registration
- 8:30 AM - Noon**
- ACWA JPIA Seminars
- 9:00 AM - 4:00 PM**
- Legal Affairs Committee CLE Spring Workshop
- 10:00 - 11:45 AM**
- Groundwater Committee
  - Local Government Committee
- 11:00 AM - Noon**
- Outreach Task Force
- Noon - 2:00 PM**
- ACWA 101 & Luncheon
  - Committee Lunch Break
- 1:00 - 2:45 PM**
- Energy Committee
  - Finance Committee
  - Scholarship & Awards Subcommittee
  - Water Management Committee
- 1:30 - 3:30 PM**
- ACWA JPIA: Sexual Harassment Prevention for Board Members & Managers (AB 1825)
- 3:00 - 4:45 PM**
- Communications Committee
  - Federal Affairs Committee
  - Membership Committee
  - Water Quality Committee
- 5:00 - 6:30 PM**
- Welcome Reception in the Exhibit Hall

### WEDNESDAY, NOV. 28

- 7:30 AM - 5 PM**
- Registration
- 8:00 - 9:45 AM**
- Opening Breakfast (*Ticket Required*)
- 8:30 AM - Noon & 1:30 - 5:00 PM**
- Exhibit Hall
- 10:00 - 11:30 AM**
- Attorneys Program
  - Energy Committee Program
  - Exhibitor Demos
  - Finance Program
  - Region Issue Forum
  - Statewide Issue Forum
  - Water Industry Trends Program
- 11:30 - 11:45 AM**
- Networking in the Exhibit Hall
- 11:45 AM - 1:45 PM**
- General Session Luncheon (*Ticket Required*)
- 2:00 - 3:15 PM**
- Attorneys Program
  - Communications Committee Program
  - Energy Committee Program
  - Exhibitor Case Study
  - Region Program
  - Statewide Issue Forum
  - Water Industry Trends Program
- 3:30 - 4:45 PM**
- Aquatic Resources Subcommittee
  - Exhibitor Case Study
  - Finance Program
  - Local Government Committee
  - Statewide Issue Forums
  - Water Industry Trends Program

- 3:30 - 5:30 PM**
- Legal Affairs Committee

- 5:00 - 6:00 PM**
- Prize Drawing Fiesta Night in the Exhibit Hall

- 5:30 - 7:00 PM**
- CalDesal Hosted Mixer
  - CH2M Hosted Reception

### THURSDAY, NOV. 29

- 7:30 AM - 4 PM**
- Registration
- 7:45 - 9:15 AM**
- Regions 1-5 Membership Meetings

### 8:00 AM - Noon

- Exhibit Hall

### 8:00 - 9:15 AM

- Networking Continental Breakfast, Exhibit Hall (*Ticket Required*)

### 9:30 - 11:00 AM

- Attorneys Program
- Exhibitor Demos
- Finance Program
- Region Issue Forum
- Statewide Issue Forum

### 9:30 - 11:45 AM

- Ethics Training (AB 1234) - *Limited Seating*

### 11:00 - 11:30 AM

- Prize Drawings in the Exhibit Hall

### 11:45 AM - 1:45 PM

- General Session Luncheon (*Ticket Required*)

### 2:00 - 3:15 PM

- Attorneys Program
- Exhibitor Case Studies
- Federal Issues Forum
- Town Hall
- Water Industry Trends Program

### 3:30 - 5 PM

- Regions 6-10 Membership Meetings

### 6:00 - 7:00 PM

- Outreach Reception

### 7:00 - 10:00 PM

- Dinner & Entertainment (*Ticket Required*)

### FRIDAY, NOV. 30

### 8:00 - 9:30 AM

- Registration

### 8:30 - 10:00 AM

- ACWA's Hans Doe Past Presidents' Breakfast in Partnership with ACWA JPIA (*Ticket Required*)

### OTHER EVENTS

#### TUESDAY, NOV. 27

### 7:00 AM - 4 PM

- ACWA Fall Conference Golf Tournament

#### THURSDAY, NOV. 29

### 6:45 - 8:30 AM

- San Joaquin Valley Agricultural Water Committee

All conference programs are subject to change.

Last modified: June 5, 2018



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

Item 15

**STAFF REPORT**

**TO:** Board of Directors  
**FROM:** Dan Jagers, General Manager  
**SUBJECT:** **Update on the Status of District Wells, Capital Improvements, and Engineering Projects**

---

**Staff Recommendation**

No recommendation.

**Background**

Beginning in late 2017, the Board approved a number of Capital Improvement, Engineering and Well repair and rehabilitation projects, either as part of the annual program to ensure quality of supply and serviceable equipment, or out of necessity due to equipment failure. The purpose of this staff report is to update the Board on all major Capital Improvement, Engineering and Well repair and rehabilitation projects that have been undertaken in 2017/2018 or are upcoming in the near future.

**Summary**

The attached tables set forth the current status of said on-going projects.

**Attachments**

Table 1 – 2018 Board Approved Facility Replacement and Well Site Repair, Rehabilitation, and Replacement

Table 2 – On-going Capital Improvement Projects

Table 3 – Upcoming Capital Improvement Progress

Prepared by Erica Gonzales, Administrative Assistant

Table 1 2018 Board Approved Facility Replacement and Well Site Repair, Rehabilitation, and Replacement						
Potable Infrastructure Project Description	Total Anticipated Project Amount	Total Project Expenses	Y-T-D Actuals 2018	Funding Source	Current Status	Project Notes
Well 11 Repair and Rehabilitation	\$ 87,621	\$ 13,979	\$ 13,979	Capital Replacement Reserve	Completed	
Well 20 Repair and Rehabilitation	See Well 11	\$ 16,919	\$ 16,919	Capital Replacement Reserve	Completed	
Well 12 Repair and Rehabilitation	See Well 11	\$ 31,009	\$ 31,009	Capital Replacement Reserve	Completed	
Well 19 Repair and Rehabilitation	See Well 11	\$ 33,782	\$ 33,782	Capital Replacement Reserve	Completed	
Well 26 Repair and Rehabilitation	\$ 142,900	\$ 92,933	\$ 92,933	Capital Replacement Reserve	Completed	
Well 29 Emergency Repair	\$ 119,637	\$ 132,863	\$ 132,863	Capital Replacement Reserve	Completed	
Well 22 Repair and Rehabilitation	\$ 121,200	\$ -	\$ -	Capital Replacement Reserve	Offline	Refer to Staff Report for Agenda Item 8

# Beaumont-Cherry Valley Water District

Table 2 Ongoing Capital Improvement Plan (CIP) Projects								
Project No.	Project Description	Approved CIP Cost	Total Project Costs (August 31, 2018)	% Expended	Budget 2018	Y-T-D Costs (August 31, 2018)	Funding Source	Project Status
WR-SITES-Reser.	Investment in Sites Reservoir Project	\$ 4,000,000	\$ 166,200	4%	\$ 73,800	\$ -	Facilities Fees	Ongoing
WR-REWTR-Plan	Recycled Water Masterplan Update 2016	\$ 25,000	\$ 84,004	336%	\$ 25,000	\$ 5,360	Facilities Fees	Ongoing
WR-IMWTR-Plan	Pass Agency Imported Water Strategy	\$ 7,000	\$ 62,910	899%	\$ 7,000	\$ 37,194	Capital Replacement Reserve	Ongoing, White Papers 1-7
WR-COBRW-Plan	City of Beaumont Recycled Water Project	\$ 15,000	\$ 8,997	60%	\$ 15,000	\$ 2,618	Facilities Fees	Ongoing
M-3040-0002	Noble Booster Pump and Motor(Spare Pump & Motor)	\$ 26,188	\$ 2,978	11%	\$ 26,188	\$ 1,655	Capital Replacement Reserve	Specs. 80% Complete
M-0000-0001	800hp Spare Motor	\$ 131,948	\$ 2,433	2%	\$ 131,948	\$ 1,410	Capital Replacement Reserve	Specs. 80% Complete
M-2750-0001	2850/2750 Pressure Reducing Station & Piping (Cherry Reservoir)	\$ 52,767	\$ 869	2%	\$ 52,767	\$ -	Capital Replacement Reserve	Not started
M-0000-0002	Chlorination Retrofit At Misc. Wells (6 Well Sites)	\$ 100,677	\$ 31,615	31%	\$ 31,713	\$ 31,615	Capital Replacement Reserve	3 year project, 2 of 2 delivered for 2018
W-2750-0001	Replacement for Well 2	\$ 5,389,609	\$ 29,007	1%	\$ 2,191,452	\$ 24,984	Capital Replacement Reserve	Ongoing
W-2750-0002	2750 Zone Well in Noble Creek Regional Park	\$ 5,995,649	\$ 16,733	0%	\$ 3,208,817	\$ 10,966	Facilities Fees	Ongoing
W-2750-0005	Replace 2750 Zone Well 1	\$ 4,161,200	\$ 30,164	1%	\$ 2,750,969	\$ 24,997	Facilities Fees	Ongoing
M-2850-0001	Well 25 East Block Wall and Entrance Gate	\$ 56,660	\$ 3,705	7%	\$ 56,660	\$ 723	Facilities Fees	Specs. 80% Complete



# Beaumont-Cherry Valley Water District

Table 2 Ongoing Capital Improvement Plan (CIP) Projects								
Project No.	Project Description	Approved CIP Cost	Total Project Costs (August 31, 2018)	% Expended	Budget 2018	Y-T-D Costs (August 31, 2018)	Funding Source	Project Status
W-2850-0001	New Beaumont Basin Well on Pardee Sundance Site	\$ 5,860,743	\$ 16,004	0%	\$ 2,303,894	\$ 10,965	Facilities Fees	Ongoing
T-3040-0001	2 MG 3040 Zone Tank	\$ 3,769,181	\$ 100,142	3%	\$ 239,743	\$ 88,991	Facilities Fees	Ongoing
T-3040-0001	Pressure Zone Pipeline	\$ 1,250,369	\$ 10,111	1%	\$ 65,312	\$ 4,912	Facilities Fees	Ongoing
WR	Grand Avenue Storm Drain	\$ 2,160,327	\$ 38,058	2%	\$ 327,261	\$ 748	Facilities Fees	Ongoing
NPT-2800-001	Raw Water Filter System at 2800 PZ Tank	\$ 263,543	\$ 2,235	1%		\$ -	Facilities Fees	Not started
P-2750-0069	Egan Ave-California Ave. Alley, 5th to 7th	\$ 221,920	\$ 19,110	9%	\$ 221,920	\$ 16,040	Capital Replacement Reserve	Ongoing
P-3620-0015	Appletree Ln, B line to Oak Glen Rd	\$ 696,143	\$ 17,798	3%	\$ 696,143	\$ 14,738	Capital Replacement Reserve	Ongoing
P-3620-0012	Ave Altejo Bella, Ave Miravilla to end of cul-de-sac	\$ 295,648	\$ 18,463	6%	\$ 100,000	\$ 15,185	Capital Replacement Reserve	Ongoing
IT-NETW-0006	Workstation Replacement project (50 units @ \$1,000 per unit - 33% per year)	\$ 225,096	\$ 12,581	6%	\$ 20,101	\$ 12,581	Capital Replacement Reserve	85% Complete for 2018
IT-NETW-0005	IP Surveillance Project	\$ 27,950	\$ 8,320	30%	\$ 27,950	\$ 8,320	Capital Replacement Reserve	90% Complete

# Beaumont-Cherry Valley Water District

Table 3 Upcoming Capital Improvement Plan (CIP) Projects				
Project No.	Project Description	Approved CIP Cost	Funding Source	Priority (1 -5)
TM-3040-0001	Highland Springs Reservoir Recoat & Retrofit	\$ 375,200	Capital Replacement Reserve	2
TM-3330-0001	Lower Edgar Reservoir Recoat & Retrofit	\$ 375,200	Capital Replacement Reserve	2
BP-2850-0001	2850 Zone to 3040 Zone Booster Pump Station	\$ 3,921,014	Facilities Fees	2 - 3
W-2850-0003	New Beaumont Basin Well Noble Creek Meadows	\$ 6,688,706	Facilities Fees	5
PR-3330-0001	3330 to 3150 Lower Mesa, Noble Regulator	\$ 37,286	Capital Replacement Reserve	4
PR-3620-0001	3620 to 3330 Fisher Pressure Regulator	\$ 37,286	Capital Replacement Reserve	3
NPR-2520-0001	2520 to 2370 Non-potable Water Pressure Regulator	\$ 134,041	Facilities Fees	1 - 2
NPR-2600-0001	2600 to 2520 Non-potable Water Pressure Regulator	\$ 134,041	Facilities Fees	1 - 2
NPR-2600-0001	2600 Zone Non-potable Regulation and Metering Station	\$ 362,474	Facilities Fees	3 - 4
NPR-2800-0001	2800 to 2600 Non-potable Water Pressure Regulator	\$ 211,431	Facilities Fees	3 - 4
NT-2800-0001	2MG Non-potable 2800 Zone Tank	\$ 4,267,870	Facilities Fees	5
NWR-2600-0002	San Timoteo Creek Non- potable Extraction Wells	\$ 8,793,300	Facilities Fees	2 - 3
P-2520-0003	Cherry Valley Blvd., End Ex. 24-in to Suncal PA 17	\$ 181,764	Facilities Fees	3
P-3620-0009	Ave. Miravilla, End of 12-in to Whispering Pines	\$ 339,092	Capital Replacement Reserve	1
P-2750-0067	Elm Ave.-Wellwood Ave. Alley, 7th St. to 5th St.	\$ 152,976	Capital Replacement Reserve	1

# Beaumont-Cherry Valley Water District

Table 3  
Upcoming Capital Improvement Plan (CIP) Projects

Project No.	Project Description	Approved CIP Cost	Funding Source	Priority (1 -5)
IT-NETW-0002	Redundant SAN Project	\$ 27,950	Capital Replacement Reserve	3
IT-NETW-0003	Endpoint Protection / LanGuard Security Software Project	\$ 11,010	Capital Replacement Reserve	1
IT-NETW-0004	Email Spam Protection / Archive Solution	\$ 7,839	Capital Replacement Reserve	1
IT-NETW-0005	IP Surveillance Project	\$ 27,950	Capital Replacement Reserve	1
IT-NETW-0008	Shoretel Phone System Redundancy Equipment	\$ 13,769	Capital Replacement Reserve	4
IT-NETW-0009	Engr. Blueprint/ Plans Printer/Scanner	\$ 8,414	Capital Replacement Reserve	2
IT-NETW-0010	Truck Radios (7)	\$ 21,655	Capital Replacement Reserve	3
IT-SCAD-0002	Wonderware SCADA Phase 2 Project	\$ 391,596	Capital Replacement Reserve	2
IT-SCAD-0003	Wonderware SCADA Phase 3 Project	\$ 224,686	Capital Replacement Reserve	3 - 4
IT-SCAD-0004	AMR / AMI Deployment Project	\$ 4,198,595	Capital Replacement Reserve	2
IT-ADMIN-0001	Laser-Fishe Digitized Fileroom Project	\$ 100,833	Capital Replacement Reserve	2
IT-ADMIN-0003	Replace Desk 14 Desk Chairs @ \$90 ea-old high backs worn out	\$ 1,260	Capital Replacement Reserve	2 - 3
IT-ADMIN-0004	Replace 18 Guest Chairs @ \$135 ea - broken and dangerous	\$ 2,430	Capital Replacement Reserve	2 - 3
IT-ADMIN-0005	Two (2) End Tables for Lobby @ \$85 ea	\$ 170	Capital Replacement Reserve	2 - 3

## Beaumont-Cherry Valley Water District

Table 3 Upcoming Capital Improvement Plan (CIP) Projects					
Project No.	Project Description	Approved CIP Cost	Funding Source	Priority (1 -5)	
IT-ADMIN-0006	Three (3) Customer Svc.Stools @\$140 ea - old ones worn out	\$ 420	Capital Replacement Reserve	2 - 3	
VE-TRUK-0003	F150 (Replacing the 2005 4X4 Ranger) (Dec, 2004)	\$ 27,485	Capital Replacement Reserve	Ordered	
VE-TRUK-0006	F150 (Replacing the 2005 4X4 Ranger) (Dec, 2004)	\$ 27,485	Capital Replacement Reserve	Ordered	
VE-TRUK-0007	F150 (Replacing the 2006 4X4 Ranger)(Dec, 2004)	\$ 27,485	Capital Replacement Reserve	Ordered	
VE-TRUK-0010	2004 Dodge 1500 (Mar, 2004)	\$ 36,084	Capital Replacement Reserve	2 - 3	



**Beaumont-Cherry Valley Water District  
Special Board Meeting  
October 2, 2018**

**Item 16**

**BCVWD LEGISLATIVE UPDATE**

<b>Federal</b>				<b>New or Change in Status (New/Y/N)</b>
<b>Issue</b>	<b>Status</b>	<b>Description</b>		
<b>S. 3021 – America's Water Infrastructure Act</b>	9/3/13 – Passed Senate and House	This is a gut-and-amend bill. To provide for improvements to the rivers and harbors of the United States, to provide for the conservation and development of water and related resources, to provide for water pollution control activities, and for other purposes such as reservoirs, levees, dam safety, dredging, invasive species, drinking water systems, and more. The bill authorizes \$4.4 billion over three years for the Drinking Water State Revolving Fund, a low-interest loan program that is the preeminent source of federal assistance for water systems. Loans can be extended to 40 years for disadvantaged communities. Also authorizes \$15 million over three years for grants to replace school drinking water fountains.		New
<b>H.R. 6705 – Amd to Safe Drinking Water Act</b>	9/5/18 – Introduced in House	To amend the Safe Drinking Water Act to require the Administrator of the Environmental Protection Agency to publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for perchlorate, and for other purposes.		New
<b>H.R. 8 – Water Resources and Development Act (WRDA) of 2018</b>	Approved by House on 6/6/18. On 6/26/18, Bill was placed on Senate Legislative Calendar	This bill will authorize various US Army Corps of Engineers projects under previous reform efforts to be improved. Eliminates barriers to project delays and improves oversight and transparency. Reauthorizes the Levee Safety Initiative and National Dam Safety Program through 2023. Authorizes modifications to on-going projects – including Yuba River Basin. WRDA would be considered by Congress every 2 years.		N
<b>H.R. 434 – New WATER Act</b>	Introduced 02/07/17 – Referred to House Subcommittee on Water, Power, and Oceans	This bill would authorize the Dept. of Interior, for 15 years after the bill's enactment, to provide financial assistance, such as secured loans or loan guarantees, to entities that contract under federal reclamation law to carry out water projects within the 17 western states served by the Bureau of Reclamation, other states where Bureau is authorized to provide project assistance, Alaska, and Hawaii.		N



H.R. 1269 – Sacramento Valley Water Storage and Restoration Act	Introduced 3/10/17 – Referred to House Subcommittee on Water, Power, and Oceans	This bill would direct the Secretary of the Interior to take actions to support the non-Federal investments in water infrastructure improvements in the Sacramento Valley. The legislation declares that it is in the interest of the Federal Government to work with the Sites Reservoir Project Authority to study, promote, develop, design, finance, acquire, construct, manage, and operate Sites Reservoir and related facilities in order to advance the Sites Project in the most expeditious and cost-effective manner possible.	N
Energy and Water Appropriations Bill For FY 2019	Passed by the House and Senate in June, now on President's desk as of 9/18/18	Overall, the bill totals \$44.7B. Includes \$1.56B in funds for the Bureau of Reclamation, including \$134M for water storage projects authorized in the Water Infrastructure Improvements for the Nation (WIIN) Act.	Y

California			
Issue	Status	Description	New or Change in Status (New/Y/N)
AB 869: Sustainable Water use and demand reduction: recycled water	8/24/17 – Referred to Senate Natural Resources and Water Committee	This bill would require long-term standards for urban water conservation and include a credit for recycled water. Urban water suppliers would receive a credit for the volume of its potable water reuse, on an acre-foot basis, to meet its water use target. Encourages continued investment in water reuse throughout the state to be better prepared for periods of drought.	N
AB 1668 - Water Management Planning	5/31/18 – Signed by Governor and Chaptered – now law	Approved bill which establishes an “urban water use objective” representing the total amount of efficiently used water by water suppliers. Five major components: 1) Total Indoor Residential Use; 2) Total Outdoor Water Use and CII Use; 3) Water Loss from Leaks; 4) Approved Variances; 5) Credits for Qualifying Potable Reuse.	N
AB 3206: Water conservation: water meters: accuracy and performance standards	6/27/18 – Passed as Amended by Senate Natural Resources and Water Committee. Referred to Committee on Appropriations	Proposed bill would require the State Energy Resources Conservation and Development Commission, on or before January 1, 2022 to adopt regulations setting standards for the accuracy of water meters.	N

SB 606: Water Management Planning	5/31/18 – Approved by Governor and Chaptered – now law	The bill would require an urban retail water supplier to calculate an urban water use objective no later than November 1, 2023, and by November 1 every year thereafter, and its actual urban water use by those same dates.	N
SB 952: Water Conservation: Local Water Supplies	2/8/18 – Referred to Senate Committee on Rules.	This Bill would provide a statement of intent of the Legislature to enact legislation that would require the State Water Resources Control Board to recognize local water agency investment in water supply and will ensure that local agencies receive sufficient credit for these investments in meeting any water conservation or efficiency mandates	N
SB 998: Discontinuation of residential water service: urban and community water systems	9/6/18 – Enrolled and presented to Governor for signature by 9/30	This Bill would prohibit residential service from being discontinued under specified circumstances (i.e. inability to pay). The proposed bill sets forth a shut-off process creates a statewide program which would prevent discontinuation of service for at least 60 days for delinquent customers, cap reconnection fees that may or may not cover the actual cost of reconnections.	Y
SB 1422: California Safe Drinking Water Act: Microplastics	9/12/18 – Enrolled and presented to Governor for signature	Would require the State Water Resources Control Board to adopt requirements for the testing and reporting of the amount of microplastics in drinking water, including public disclosure of those results.	Y