

**RECORD OF THE MINUTES OF THE  
SPECIAL BOARD MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
June 30, 2010**

**CALL TO ORDER, PRESIDENT BALL**

Acting Chairman parks called the meeting to order at 7:00 p.m., 560 Magnolia Avenue, Beaumont, California.

**PLEDGE OF ALLEGIANCE, DIRECTOR ROSS**

Director Ross led the pledge.

**INVOCATION, DIRECTOR WOLL**

Director Woll recited an invocation.

**ROLL CALL, BLANCA MARIN**

Those responding to roll call were Acting Chairman Parks and Directors Halliwill, Ross and Woll. Absent to this meeting was President Ball. Also present at this meeting were Interim General Manager Anthony Lara, General Counsel Gil Granito, Controller Jeannette Olko and Executive Assistant Blanca Marin.

**PUBLIC INPUT**

No requests to speak on items not on the agenda were presented at this time.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

Director Woll moved to adopt the agenda as presented. Director Ross seconded. The motion passed with President Ball absent.

**2. APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT AND THE DISTRICT'S  
REPRESENTED EMPLOYEES\*\***

Director Halliwill suggested that a change on page 6 of the Memorandum of Understanding, Article 13 be modified to read "Permanent employees elevated in classification shall serve..."

Interim General Manager Anthony Lara requested that the article related to the Cost of Living Adjustment that was originally included in the MOU be added back to the MOU in tonight's agenda as it was deleted in error. Article 26 should read as follows:

*Article 26*

*Cost of Living Adjustments*

*Salaries to be adjusted on January 1, 2011, 2012 and 2013. Salaries to be adjusted based on October to October Consumer Price Index, U.S. Cities average.*

Director Woll commented that it was his understanding that there was not going to be any Cost of Living Adjustments for the next two years.

Director Ross stated that he did not recall any discussions related to the Cost of Living Adjustments.

Director Ross moved to table the Approval of the Memorandum of Understanding for further discussion.

Acting Chairman Parks invited Employee Representative, Heidi Martin to address the board on this item. Ms. Martin stated that during negotiations between Employee Representatives and the ad hoc MOU Committee consisting of Directors Ross and Parks, the 2006-2008 MOU Extension was agreed to be left "as is". The Cost of Living Adjustment is part of the 2006-2008 MOU. Both parties agreed to, before the furlough program, was to forgo the COLA for the period of six months, this is included in the Extension of the MOU included in the agenda. Cost of Living Adjustment was not agreed by both parties to be removed.

Director Ross withdrew his earlier motion to table.

Director Ross moved to approve the Memorandum of Understanding as included in the agenda which did not include the Cost of Living Adjustment.

General Legal Counsel Gil Granito recommended that the item be tabled and presented at the July meeting. He further explained that the District employees would be working without the benefit of a formal agreement until the matter is resolved.

Employee Representative Heidi Martin stated that the District employees have been negotiating the MOU for over a year. It was her understanding that both parties had agreed to the terms of the MOU. She requested that the Board approve the MOU as presented in the 2006-2008 form and to include the furlough program to it.

The Board agreed for the MOU Committee to meet at 10:00 a.m. tomorrow to further discuss this item.

Director Halliwill recommended that Director Ross reconsider his motion to include the recommendation that the Committee to meet tomorrow to review the issue and that the Board extend the agreement with the bargaining unit until the next regular board meeting so that the employees would not be working without the benefit of a formal agreement.

Director Ross withdrew his earlier motion to approve the MOU as included in the agenda without the COLA Article.

Director Woll moved to extend the extension agreement to the next regular board meeting and to have the negotiating committee meet tomorrow to further discuss this issue and make a decision. Acting Chairman Parks seconded. The motion passed with President Ball absent.

**3. PUBLIC HEARING REGARDING THE PROPOSED INCREASES TO THE DISTRICT'S RATES, FEES AND CHARGES**

The Board will conduct a Public Hearing for the purpose of receiving and considering public comments regarding the proposed increases to the District's rates, fees and charges

**OPEN PUBLIC HEARING**

Acting Chairman Parks opened the Public Hearing at 7:36 p.m.

**PUBLIC COMMENT**

The public will be invited to comment on the proposed increases to the District's rates, fees and charges

Legal Counsel Gil Granito commented that the Public Hearing was held pursuant to the procedural requirements of Proposition 218. He further commented that the purpose of the Public Hearing was to hear the pro and the con from the public on the proposal for rate increases and to determine as to whether or not there is sufficient written protest to preclude the board from adopting the proposed increase. He indicated that at the end of the public hearing the written protests will be tabulated.

Secretary Woll invited Linda Lee Moreno to address the Board on this item. Ms. Moreno expressed her opposition to the rate increase.

Secretary Woll invited Melvin Stokes to address the Board on this item. Mr. Stokes expressed his opposition to the rate increase.

Secretary Woll invited Pat Doherty to address the Board on this item. Mr. Doherty expressed his opposition to the rate increase. He further suggested that owners of the local orchards do whatever they can to preserve their business.

Secretary Woll invited Nick Koller, resident at 1106 Eleventh St. to address the Board on this item. Mr. Koller expressed his opposition to the rate increase.

Secretary Woll invited Frances Flanders to address the Board on this item. Ms. Flanders stated that the previous Board approved a rate study in 2007 which would raise the rates for the next five years but only one year was implemented. Ms. Flanders supported the rate increase.

Secretary Woll invited Len Leach to address the Board on this item. Mr. Leach presented a petition signed by several residents of the Fairway Canyon Community opposing the rate increase. He further expressed his opposition to the rate increase.

Acting Chairman Parks adjourned the meeting to a ten minute recess at 7:55 p.m. to provide staff with time to count the signatures provided by Mr. Leach.

Secretary Woll invited John Goldseth to address the Board on this item. Mr. Goldseth questioned the Board as to whether or not a statement made by Mr. Butcher was true regarding two orchard owners paying a "special rate" because they were showcase orchards that had drip systems open to the public. He further opposed the rate increase.

Secretary Woll invited Mr. Leach again to address the Board on this item. Mr. Leach highly criticized the Willdan Rate Study. He further commented on Resolution 2000-03. He further quoted a section of the California Supreme Court and the California Constitution.

Secretary Woll invited Elba Romo-Aguirre to address the Board on this item. Ms. Romo-Aguirre, 40376 Brookside Ave, presented a petition signed by 58 residents of the City of Beaumont opposing the rate increase. She further criticized the Willdan Rate Study as "poorly written" Ms. Romo-Aguirre opposed the rate increase.

Secretary Woll invited Tina Kummerle to address the Board on this item. Ms. Kummerle is an employee of the Highland Springs Resort. She requested the Board to consider the long term consequences that this rate increase will have on the orchards. She opposed the rate study.

Secretary Woll invited Janet Walker to address the Board on this item. Ms. Walker, 9157 Oak Creek Road, Cherry Valley, commented on an article about Beaumont Economic Stimulus plan which was implemented in 2009 by the City of Beaumont which cut the impact fees on permits. She questioned as to why the District Board is not doing the same. She opposed the rate increase.

Secretary Woll invited Yan Kielmann to address the Board on this item. Mr. Kielmann spoke about the importance of affordable water for local farmers and orchards. He further requested that this Board not approve the rate increase.

Secretary Woll invited Bob Murrny to address the Board on this item. Mr. Murrny, 1749 Long Drive, Beaumont, opposed the rate increase.

Secretary Woll invited Luwana Ryan to address the Board on this item. Ms. Ryan indicated that back in April 2007 a rate increase was approved to increase rates for the next three years, but the prior general manager and the prior Board did not implement it. She commented that the rate increase "was and is needed".

Secretary Woll invited John Covington to address the Board on this item. Mr. Covington stated that he fully reviewed the rate study. He indicated that his organization is working on a rate analysis. He questioned the audience as to what the District will do if a rate increase is not approved. According to a chart in the Willdan report, in 2013, the District will have a negative number. He urged the Board to pass the water rate increase.

Secretary Woll invited Linda Alexandra to address the Board on this item. Ms. Alexander, 34625 Boros Blvd., spoke representing the Fairway Canyon Homeowner's Association. She further presented a petition signed by several residents opposing the rate increase. She recommended that the Board amend the resolution included in the agenda by changing paragraph four as she does not think that it is an accurate statement. She further criticized the Willdan's report and requested that the Board table this item to further study the Willdan report.

#### **CLOSE PUBLIC HEARING**

Interim General Manager Anthony Lara responded to the comments made by Fairway Canyon Representatives. Mr. Lara commented on the similarities from the report made by Sudhir Pardiwala from Raftelis Financial compared to the Willdan report.

Legal Counsel Gil Granito responded to a question by a member of the public as to why the need of a consultant. Mr. Granito indicated that Proposition 218 requires a Nexus Report to support findings that the proposed rates are fair and equitable. He further expressed his concerns regarding allegations about charge duplications in letters that Mr. Lara received. He further invited Mr. Tobbler to address the Board to clarify the allegations regarding those charges.

Mr. Tobbler stated that he reviewed all the documents that the District provided such as agreements and documents regarding the CFD No. 93. And 98-1 and Resolution 2007-03 and determined that the Five Year Capital Improvement Plan Projects were not part of these agreements. He further stated that according to his calculations, the rate increase will be an average of about \$3.25 every two months per domestic meter, and based on consumption.

Director Halliwill stated that it is important to know that the Willdan Report was based on the methodology established by the American Water Works Association.

Director Ross requested an explanation on how Willdan arrived at the numbers for the agricultural rate increase.

Mr. Tobbler indicated that all customer classes were treated the same and the rate increase was based on consumption in general.

Mr. Leach requested to address the Board questioning as to whether the Willdan Report had used the California Certified Civil Engineer's Report or not. He further stated that it is not about water rates but rather about the District paying for its Capital Improvement Projects and infrastructure. He further accused the Board of losing the 13 million dollars grant and now the Board is trying to get this money from the rate payers.

Legal Counsel Gil Granito stated that legally, the District has complied with the requirements of the law.

Director Woll commented that the District has not taken lightly the issue of raising rates. The District has re-structured by eliminating positions in the District and the employees had gone into a furlough which has resulted in a 10% decrease in pay. The District has further cut costs everywhere trying to avoid the rate increase. The District also has to be ready for 2014 which is when the Beaumont Cherry Valley Water District has to pay for the water over-drawn from the Basin or be able to replace it. The capital improvements included are efforts to divert water and percolate it into the Basin in order to credit the District's Account.

Acting Chairman Parks thanked everyone for their comments.

The Board will close the Public Hearing at this time and will reconvene to the Special Meeting.

Acting Chairman Parks closed the Public hearing at 9:11 p.m.

Interim General Manager Anthony Lara stated that the District mailed-out a total of 13,775 Notices for the Public Hearing and 21 of the letters were returned as "undeliverable".

Executive Assistant Blanca Marin stated that the District received a total of 347 written protests regarding the rate increase.

4. **APPROVAL OF RESOLUTION 2010-09, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT CHERRY VALLEY WATER DISTRICT AMENDING PART 5 OF THE DISTRICT'S RULES AND REGULATIONS GOVERNING WATER SERVICES (RATES, FEES AND CHARGES)\*\***

Director Halliwill requested an amendment to include the rates for the fire service sizes 1 inch and 2 inch as included in the rate study. He also recommended that an amendment be made to the Willdan Study, page 67 of 76 under the Power Charge as the charge should be 35 cents not 33 cents. Mr. Lara recommended that the table shown in the rate study be inserted in Part 5 of the Rules and Regulations. He further stated that the private fire service charges for the sizes under four inch are not included in the Rules and Regulations because the District does not provide fire service to connections under four inch.

Legal Counsel Gil Granito recommended that the date on the resolution reflecting the date of the Willdan report to be changed to May 13, 2010.

Director Halliwill moved to approve the Resolution 2010-09 with changes. Director Ross seconded. The motion passed by the following roll call:

Ayes: Halliwill, Ross, Woll, Parks  
 Nays: None  
 Absent: Ball  
 Abstain: None

Director Ross moved to revisit Item 2 regarding the approval of the Memorandum of Understanding. Acting Chairman Parks seconded. The motion passed by the following roll call:

Ayes: Halliwill, Ross, Woll, Parks  
 Nays: None  
 Absent: Ball  
 Abstain: None

Interim General Manager Anthony Lara provided a recap of the sequence of events that transpired during the negotiations between the ad hoc committee and the Employees Association. After the employees volunteered to take the furlough day per month, the representatives met with the ad hoc committee and proposed a three year extension of the current MOU (2006-2008). The ad hoc committee accepted the proposal and recommended it to the full board in Closed Session where it was approved. When Staff took the MOU back to "clean-up" the wording, the article related to the Cost of Living Adjustment was no longer applicable and needed to be changed. The Draft MOU that contained the new wording was again presented to the board in Closed Session but the article related to the Cost of Living Adjustments was left out. The wording that was proposed in Item 2 of tonight's agenda is what should be in the MOU as the Cost of Living Adjustment was included in the 2006-2008 MOU that was approved by both parties.

Director Ross commented that he was under the impression that the employees were going to forgo the Cost of Living Adjustment for four years and that is why he made the motion to table this item for future discussion.

Interim General Manager Anthony Lara stated that the Article 26 that needs to be included in the MOU should read as follows: "Salaries to be adjusted on January 1, 2011, 2012 and 2013. Salaries to be adjusted based on October to October Consumer Price Index, U.S. Cities Average"

Discussion followed regarding the issue about the COLA being a negative number in the future. The Board agreed adding a sentence "if the COLA is a negative then there will be no adjustments to the salaries that year".

Director Ross moved to approve the MOU with changes as read tonight. Acting Chairman Parks seconded. The motion passed with President Ball absent.

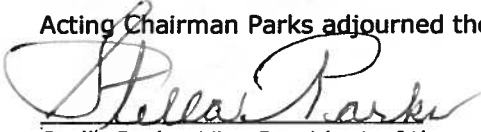
Interim General Manager Anthony Lara announced that the District will be closed on Monday, July 5, 2010 in observance of the holiday.

General Legal Counsel Gil Granito made an announcement regarding the Water Bond.

**5. ADJOURNMENT**

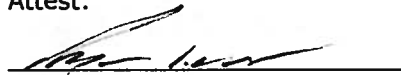
Director Woll moved to adjourn. Director Ross seconded. The motion passed with President Ball absent.

Acting Chairman Parks adjourned the meeting at 9:36 p.m.



Stella Parks, Vice President of the Board of Directors of the Beaumont Cherry Valley Water District

Attest:



Ryan Woll, Secretary to the Board of Directors of the Beaumont Cherry Valley Water District