



BEAUMONT-CHERRY VALLEY WATER DISTRICT  
 P.O. BOX 2037 560 MAGNOLIA AVE  
 BEAUMONT CA 92223

**Billing Address:**

BEAUMONT GARDEN CENTER  
 1440 E 6TH ST  
 BEAUMONT CA 92223

**Account Information**

Account No: 039 6325 000  
 Name: BEAUMONT GARDEN CENTER  
 Service Address: 1440 E 6TH ST  
 Service Period: 21-Apr-2006 to 28-Jun-2006  
 Billing Date: Jun. 28, 2006  
 Jul. 28, 2006  
 Previous Balance: Jul. 28, 2006  
 Total Amount Due: \$0.00  
 \$354.40

**Summary of Charges**

Previous Balance:	
Water Usage:	\$0.00
Service Charge:	\$236.88
<b>SCE Power Charge :</b>	\$11.25
<i>San Gorgonio Pass Water Agency</i>	\$48.84
<i>Importation Chg to offset Overdraft</i>	\$50.76
Back Flow Administrative Charge:	\$6.67
Total Current Charges:	\$354.40

*They finally admit overdraft*

**Account Activity**

Meter Number	Previous Reading	Current Reading	CCF Used
95449394	7996.00	8278.00	282.00

Questions about your bill? Call (951) 845-9581  
 Monday through Friday 8:00 a.m. - 5:00 p.m.

**Special Message**

**SEE BACK FOR IMPORTANT BILLING INFORMATION**



**Beaumont Cherry Valley Water District  
Special Board Meeting  
May 18<sup>th</sup>, 2017**

**DATE:** May 8, 2017  
**TO:** Board of Directors  
**FROM:** Eric Fraser, General Manager  
**SUBJECT:** Status of Sustainable Water Supply Acquisition

---

**Recommendation**

Staff recommends the Board take the necessary actions to protect the existing customer base and develop agreements to secure permanent water rights and/or entitlement to meet future demand.

**Background**

As stated in the June 1<sup>st</sup> and October 6<sup>th</sup>, 2016, staff reports regarding this issue, one of the key elements in providing service to new customers is an assured source of supply to meet new demand. Under the current conditions, the local water resources to meet demand have long ago been fully utilized. Nearly two-thirds of system demand is met through imported water replenishing the Beaumont Basin at the District's Noble Creek Recharge Facility. With each new connection, an assured source of new water needs to be secured.

Currently there are over 7,000 dwelling units entitled and approved by the City of Beaumont with an additional 6,700 units under review plus several more thousand planned through build-out within the District boundary as identified in the 2015 Urban Water Management Plan. The water supply for these dwelling units is essentially dependent on the ability of the San Gorgonio Pass Water Agency (SGPWA) to acquire permanent entitlement and/or rights to serve the new demand.

Although proponents of the new development state that the water supply demands for new construction are typically less than older homes due to improvements in water efficiency and landscaping, the savings created by these improvements are often lost due to the increased densities allowed by the planning agencies. For example, dwelling units located on 7,000-10,000 lots in areas such as Three Rings Ranch typically consume about 0.65-0.7 acre-feet per dwelling unit per year. New construction may have demand on the order of 0.5 acre-feet per unit, but with lot sizes in the 4,000 to 6,000 square foot range, the per-acre demand is approximately 3.5-5 acre-feet-per-acre as compared to 1.3 acre-feet-per-acre with lower density lots. These increased demands place additional pressure on regional water suppliers to acquire the necessary permanent water rights/entitlement to meet this demand.

Based on a review of several years of SGPWA agendas and despite multiple requests by BCVWD staff and other local retail agencies, the SGPWA made little to no effort to acquire additional water supply entitlement for the region despite the obvious demands outlined in the Urban Water Management Plans of retail water agencies within the SGPWA service area.



Ultimately, on July 27, 2015 the SGPWA adopted Resolution 2015-05, *Resolution of the Board of Directors of The San Gorgonio Pass Water Agency to Adopt Facility Capacity Fees for Facilities and Water*. BCVWD staff provided comment to the SGPWA Board prior to adoption of the resolution that the basis for the fee established by the agency was fundamentally flawed. The data used to establish the fee was based on the costs associated with Table A entitlement acquired by the Mojave Water Agency six years earlier and failed to recognize the reliability factor of State Project Water of approximately ~62-percent. Thus, the fee was not based on current market conditions, and even if the value assigned to the acquisition was correct, the lack of consideration for the reliability factor created a fee that was approximately half of the actual funds needed to purchase the necessary entitlement.

During a presentation regarding the acquisition of water supply to the BCVWD Board of Directors on October 12, 2016, by Mr. Jeff Davis, General Manager of the SGPWA, stated that a study conducted by SGPWA consultant, Provost & Pritchard, evaluating potential water acquisition options, only found approximately 2,000 acre-feet of potential water supply, most with a reliability factor of State Project Water (~60%). Since that meeting, the SGPWA attempted to acquire approximately 500 acre-feet of water from one of those potential sources of entitlement and was unsuccessful in negotiating a sale, thus leaving about 1,500 acre-feet of potential entitlement available on the market today. As previously identified by staff, the ability of the SGPWA to keep pace with the additional demand in the region continues to be a critical concern. There must be definitive, reliable source of supply for new customers in order to not create an impact on the existing users.

The SGPWA has recently been active in negotiations to acquire a term lease of Nickel water and water in storage from the South Mesa Mutual Water Company (SMMWC). Although these opportunities can assist in adding water to storage for drought mitigation and conjunctive use, they should not be considered permanent entitlement from which the District could assert represents a firm source of supply and issue a will-serve letter unless the Nickel contract is permanent transfer rather than a lease. The amount of water SMMWC receives is a function of the allocation of unused overlying rights in the Beaumont Basin and is subject to change (and could potentially go to zero) depending on the exercise of overlying water rights by the overlying parties identified in the stipulated judgment. These opportunities are similar to the attempts by the City of Beaumont to procure water in storage through the conversion of recycled water delivered to the Tukwet Canyon Golf Course. The draft agreement that was circulated by the City did not include any permanent transfer of water rights or entitlement. Ignoring the obvious duplication of service issue, this type of structured agreement should only be considered as a supplemental water supply opportunity unless a permanent transfer is perfected.

As directed by the Board in October of 2016, staff initiated efforts to secure an agreement with SGPWA to procure additional permanent water supply. A collaborative effort was made in conjunction with staff from the Yucaipa Valley Water District to negotiate an agreement with the SGPWA. Draft versions of agreements were presented to the SGPWA and were subsequently rejected. After rejection by the SGPWA board, a simplified draft was developed by BCVWD and submitted to Mr. Davis for consideration by the SGPWA (attached). By email dated May 2, 2017, Mr. Davis provided the following update on the status of that review:

*"We have an ad hoc committee that is working diligently on trying to find a middle ground that is acceptable for all parties for an agreement. They are primarily focused on an agreement with YVWD/Calimesa right now, since we have been working with them for several months and the Calimesa City Council has made it clear to our Board that this is very important to them. I*



*would assume that once we get something that we can agree on with them, that I would forward that same agreement to you and your Board for consideration.”*

As indicated in his update, it does not appear that the draft provided by the District will be reviewed or considered, but rather an agreement drafted and negotiated by others will be presented to the BCVWD Board of Directors for consideration.

The acquisition of shares in the Sites Reservoir Project will help fill the void in supply created by the development within the District to date, but does not address the demand moving forward. The SGPWA solicited participation from all of the retail agencies with respect to participation in the Sites project. Other than BCVWD, no other agency elected to financially participate in the project, yet the SGPWA chose not to fulfill the request of BCVWD for 4,000 Class 1 Shares in the project. Rather, the SGPWA offered a fractional percentage of the shares offered to them, although the funding for the acquisition of those shares is substantially provided by the BCVWD customer tax base and revenue from water purchases from BCVWD customers. This includes the failure to reconcile the actual variable and O&M prior period adjustments credited to SGPWA by DWR resulting in rates charged to BCVWD by SGPWA that exceeded the actual cost to provide service by several million dollars.

The availability of recycled water will provide some relief to existing demand, but must be utilized in a manner that does not result in inverse condemnation of existing and potential well sites if indirect potable reuse is considered in the form of groundwater recharge. The actual amount of water available from the City of Beaumont will be limited by the final approval following application to the State Department of Water Resources Division of Water Rights (DWR-DoWR) and the amount of reject water following reverse osmosis treatment to meet basin plan objectives. Efforts to secure recycled water from the Yucaipa Valley Water District (YVWD) have stalled due to attempts by the DWR-DoWR to re-open the permit currently held by YVWD which could impact the existing planned uses by YVWD even though the project was grant eligible and supported by other divisions of DWR and other State agencies.

Based on the current pace of development in the District and the limited amount of foreseeable sustainable water supply rights and/or entitlement available through the SGPWA at this time, the BCVWD Board should consider taking the necessary actions to limit the impact to the current users under Water Code Section 350 until such time that sufficient entitlement/rights can be procured.

### **Financial Impact**

The ability of the BCVWD to serve additional connections is directly tied to the SGPWA securing long-term, permanent water rights. The cost to obtain new water supply for new connections to the BCVWD system could impact existing customers if adequate fees are not collected and long-term water rights are not secured.

Attachments