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County of Riverside  
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The Board of Directors of the Beaumont-Cherry Valley Water District has received the 1999-2000 Grand Jury report. The Board discussed the Reports findings at the June 6, 2000 Regular Meeting of The Board of Directors. As directed, the staff prepared a draft of the District's responses, which was approved at the July 11, 2000 Regular Meeting of the Board of Directors. Following is the official response of the Beaumont-Cherry Valley Water District.

1. "Conduct an independent study to ensure that the staffing level meets the Districts needs."

**Disagree:**

The cost for an independent study to determine staffing levels to meet the Districts needs is an unnecessary cost as the recommendation to reduce supervisory staff was basically to return field supervision staffing to the pre-1998 levels. This decision was made by the Board because it was felt that the Districts ratepayers could no longer afford the staff changes that had occurred in 1998 and 1999. This is evident in both the 1998 and 1999 audits, which show continuous deficit spending that totals over \$200,000..

The report also neglects to state that the District did an internal audit to determine that over 5,600 man-hours of field supervisions time was spent in the district office during 1998 and 1999. The audit also showed a large increase in job preparation time, which was caused by the addition of all of the new field supervisors.

The report also failed to mention the fact that in 2000, the District began to out-source or contract labor for some of it's services as this method of operation had proven to be more cost effective than providing similar service with full time public employees. The projected savings

in 2000 for landscape maintenance and new construction inspection is approximately \$42,000 over what was spent in 1999.

2. "Re-inspect the Upper Edgar Reservoir in February 2001."

Disagree:

This won't be necessary, as by February 2001, the new tank will have only been on line for a few months. Additionally, all upstream pipelines have been replaced or pressure tested to ensure the systems reliability.

3. "Inspect all Reservoirs on a five-year rotational basis, and clean if necessary in accordance with "California Water Code."

Disagree:

In the past, the district has undertaken visual inspections of its tanks on a regular basis. The tanks are taken out of service and cleaned on an "as needed" basis. In 1998, several tanks were actually inspected and cleaned without taking them out of service.

Prior to 1998, four of the districts seven tanks were taken out of service at various times and re-coated inside and out. The cost for this type of maintenance project is approximately \$80,000 - \$100,000 per tank depending on size.

4. "Reconsider the construction of the 1.2 million gallon reservoir in Upper Edgar Canyon."

Disagree:

The reason the Board of Directors down-sized the new 750,000 gallon tank that will replace the old 500,000 gallon tank was because of the indiscriminate spending and cost overruns on various projects. Today there is insufficient capital to construct the larger tank. The Board of Directors would have violated California Law if they would have funded and constructed the larger tank with their funds on hand.

The Report states concerns for new development suggesting this was one of the reasons for the 1.2 million-gallon tank. The District will provide storage for the developing areas by building a new 4,000,000 gallon reservoir, which will begin construction this fall and will be on line by late Spring, 2001. An additional note; this master planned tank will serve the developing area that has funded its construction.

5. "Immediately reroute the 8" and 3" water line to comply with State Codes and County Ordinances."

**Disagree:**

Because the District installed the pipelines in question in a legal easement before the buildings were built, it's not the District's responsibility to relocate these lines. Because the property owner built on the district's easement, it is their individual choice to pay for relocation of the lines as approved by the District.

6. "Conduct an independent audit to establish and correct reserves applicable to different funds."

**Disagree:**

In the recent past, an independent consultant told the Board that the District should maintain an operating reserve of 1.5 to 1.6 million dollars. The past administration apparently chose not to follow the recommendation however, with the reorganization that occurred this last winter, the District Board passed a budget that projects an operating surplus as opposed to another loss as seen in 1998 and 1999. The districts operating expenses in the first five months of the calendar year show reductions in operational spending of over \$80,000 as compared to the same five month period last year. We expect this trend to continue, which will enable the District to establish an appropriate operating reserve in the near term.

During the first six month of the calendar year 2000, the District completed an overaged meter program that has replaced 1,100 old inaccurate meters with new accurate meters. This has in part been responsible for an increase in income that the District projects will increase approximately 100,000 to 200,000 during 2000

The current administration plans to rebuild the fund reserves through prudent budgeting and operations that will cause the District to end its calendar year in a positive financial position as opposed to the negative financial situation that has occurred the past two years. This will cause the reserve balances to return to the levels that were maintained prior to 1998.

The Board of directors appreciates the opportunity to respond to the Grand Jury Report.

Sincerely,



C.J. Butcher  
Secretary of the Board