



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, September 12, 2018 at 6:00 p.m.**

Call to Order: Vice President Ramirez

Vice President Ramirez began the meeting at 6:04 p.m.

Pledge of Allegiance: Vice President Ramirez

Vice President Ramirez led the pledge.

Invocation: Director Hoffman

Director Hoffman gave the invocation.

Roll Call:

Directors present:	Directors Hoffman, Ramirez, Slawson (One vacancy)
Directors absent:	President Covington
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Finance and Administrative Analyst Bill Clayton, Senior Engineer Mark Swanson; Assistant Director of Operations James Bean, Administrative Assistant Erica Gonzales
Legal counsel:	James Markman

Members of the public who registered their attendance: Barbara H. Brown, Fran Flanders, Thomas J. Pasternak, Jill R. Posadas, Judy Bingham, Michael Heisman, Dr. Blair Ball and Patsy Reeley.

Public Comment: None.

ACTION ITEMS

1. Adjustments to the Agenda: None.

2. Consent Calendar:

The following Consent Calendar items were approved with one motion:

- a. July 2018 Budget Variance Report
- b. July 31, 2018 Cash/Investment Balance Report
- c. August 2018 Check Register
- d. August 2018 Invoices Pending Approval
- e. Minutes of the Regular Meeting of August 8, 2018
- f. Minutes of the Engineering Workshop of August 23, 2018

MOVED: Hoffman	SECONDED: Slawson	APPROVED 3-0
AYES:	Hoffman, Ramirez, Slawson	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	Covington	

3. Consideration of Resolution No. 2018-12 to Submit an Application Requesting Live Scan Services; and Consider Appointment of the Director of Finance and Administrative Services to the Role of Custodian of Records and Appointment of the General Manager as Alternate

Director of Finance and Administrative Services Yolanda Rodriguez explained the request for permission to apply for Live Scan services to check backgrounds for new employees. In the past, she said, the District has worked with the City, but that is no longer allowed.

The Board adopted Resolution 2018-12 by the following vote:

MOVED: Hoffman	SECONDED: Ramirez	APPROVED 3-0
AYES:	Hoffman, Ramirez, Slawson	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	Covington	

4. Consideration of Request for Update of “Will Serve Letter” for Previously Approved Development – Parcel Map 32737 located on Desert Lawn Drive Southwest of Interstate 10 and Southeast of Brookside Avenue in the City of Calimesa (Riverside County Assessor’s Parcel Nos. 400-010-001 and 400-010-007)

General Manager Jagers explained this is a commercial application for service that includes a business park RV storage and more. The developer has asked for an extension to the Will-Serve Letter which expired in June. The development expects 67 EDUs of domestic water use, and 13.5 EDUs of non-potable water.

Director Slawson asked if there had been any changes to the project since the previous WSL; Mr. Jagers said there were none. The developer indicated the delay is due to processing the plans through the city. They hope to move forward in the near future.

VP Ramirez asked if other districts charge extension fees. Mr. Jagers explained that BCVWD collects a deposit to cover its costs but no facility fees are assessed until further in the entitlement process. At the last workshop, the Board discussed modifying agreements to allow for a reassessment of facility fees if the development is over a period of time. VP Ramirez asked what the typical amount of time would be for such reassessment. Mr. Jagers pointed out a clause in existing agreements that if constructing is not started within 12 months that those agreements are defunct, so there is some recourse for the District. Language will be brought back to the Board for consideration after legal counsel review.

The Board approved the Update of "Will Serve Letter" for Previously Approved Development - Parcel Map 32737 located on Desert Lawn Drive Southwest of Interstate 10 and Southeast of Brookside Avenue in the City of Calimesa (Riverside County Assessor's Parcel Nos. 400-010-001 and 400-010-007) by the following vote:

MOVED: Slawson	SECONDED: Hoffman	APPROVED 3-0
AYES:	Hoffman, Ramirez, Slawson	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	Covington	

5. **Consideration of Request for Update of two "Will Serve Letters" related to the Sundance Specific Plan located in the City of Beaumont:**
 - a. **WSL 1 – Amended Update to Tract 31469 to reflect an adjustment to the EDU count**
 - b. **WSL 2 – Update of "Will Serve Letter" for Tract 31470**

Mr. Jagers pointed out that Pardee Homes representative Michael Heisman was present. The Board at the May workshop reviewed this group of activities. The developer asked for some consideration on re-lotting some of the development, and this was discussed in depth. The development has been continuous and ongoing over the last few years and the bulk of the main line facilities has been installed, and residential units continue to be built. Mr. Jagers indicated this is a formality.

Director Hoffman indicated the Board has received good information and evaluated it, and the impact is minimal. General Manager Jagers clarified there is a WSL for one of the planning areas, and the District issued a separate WSL for that when the number of dwelling units was increased. This extension includes the reduction that was allocated to the other WSL.

The Board approved the Request for Update of two "Will Serve Letters" related to the Sundance Specific Plan located in the City of Beaumont:

- a. *WSL 1 – Amended Update to Tract 31469 to reflect an adjustment to the EDU count*
 - b. *WSL 2 – Update of "Will Serve Letter" for Tract 31470 Valley*
- by the following vote:*

MOVED: Slawson	SECONDED: Hoffman	APPROVED 3-0
AYES:	Hoffman, Ramirez, Slawson	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	Covington	

6. Consideration of BCVWD 2019 Water Order Quantity from the San Geronio Pass Water Agency

Mr. Jagers reminded the Board that this was discussed at the August Engineering Workshop. He pointed out the San Geronio Pass Water Agency has a rate study workshop scheduled tomorrow at 6 p.m. where its new rate model will be presented and suggested all who are available attend.

The District must order water from the SGPWA by September 15, Jagers continued. The amount of the order can be adjusted in January 2019 if the SGPWA adopts a new rate, which could significantly increase the cost from its current rate of \$317 per acre-foot (AF) up to a cost of \$500 to \$600. Mr. Jagers gave a presentation and asked for Board direction.

He noted the uncertainty of the large water projects such as the Sites Reservoir and the California Water Fix, as they have not yet started. He advised that the District does not want to be shortsighted here for water that may be needed. Funds must be taken from reserves to purchase the water, but the cost will be recovered when the water is sold. A rate adjustment will also be necessary to adjust the pass-through.

General Manager Jagers explained the sources of supply and the variables in water availability. He explained alternatives and recommended an order of 18,000 AF with the caveat to reduce the order if the price increases. At \$500 per AF, the order cost increases from \$4.9 million (at \$317 per AF) to \$7.7 million. The District has 18,300 connections. The cost per connection for the water for 2019 would range from \$102 to \$180. At \$600 per AF, the cost per connection would range from \$150 to \$279. This divided by 12 shows the monthly cost per bill.

VP Ramirez indicated that this information is important to the public in the event of a rate adjustment to understand why it is necessary. Mr. Jagers concurred; the rate adjustment will be impacted if the SGPWA raises rates. It is expected to be significant: potentially raising monthly bills by \$8 or \$9 per month.

General Manager Jagers proposed an order of 18,000 AF for \$5.76 million in 2019 with the ability to adjust. This is more than needed, but if there is a dry year or some of the long-term developments do not happen, the water is in the ground early and can be recharged through the Noble Creek facility. However, if SGPWA raises the rate to \$600 per AF, the cost increases to \$10 million. The Board will have to discuss it further, as it will create a need to define policy on conjunctive use.

VP Ramirez asked for clarification on how much the actual need for 2019 is. Mr. Jagers indicated that at \$317 per AF, it would be prudent to buy 18,000 AF if available for banking. He noted that when the price of water increases, customers use less and complain. Currently, the District has four years' supply banked. The four-to five-year plan, Jagers stated, is to bank enough to get through five years of drought. If there is not enough water, there is a problem; if there is too much water, there is not sufficient revenue to finance the purchase in the near term without a tax-based strategy. Mr. Jagers referenced the seven White Papers presented to the region.

Director Slawson asked about the details of the caveat for reducing the water order. Mr. Jagers explained that orders are submitted without knowledge of how much will actually be delivered. Last year was the first time including the caveat in the water order. Mr. Jagers noted that excess funding would come from reserves.

In response to VP Ramirez, Legal Counsel Markman noted it is strange to have to place an order, since orders must go to the Department of Water Resources (DWR), without the rate set for the year. The ratemaking should have been done earlier in the year, so there would not be a need to write a caveat. This is a good hedge, he said, and advised the Board to support it. Mr. Jagers added that it is still a difficult decision.

Director Hoffman concurred and commented that the cost of water will continue to rise. If funds are available, and there is opportunity, he said, the District should purchase as much as possible in anticipation of hedging on the future. VP Ramirez indicated the staff report recommends a minimum order of 9,000 AF. Mr. Jagers clarified that the information in the presentation supersedes the staff report based on information gained at a meeting at the SGPWA on Monday. VP Ramirez asked about current reserves of water and funds; Mr. Jagers responded that at the end of last year, there was 32,600 AF, and he believes this will be in the 36,000 AF range at the end of this year and reserves are \$50 million-plus. Much of that, he clarified, is facility fees which cannot be used for water purchase. The funding would come from capital replacement reserves, so this is a one or two year plan at most.

Director Slawson noted the caveat provides some insurance and the water is needed. He said he believes the GM has run the numbers well, and agrees with the 18,000 AF order. VP Ramirez said he believes staff is doing the best job possible, understanding that if a rate is currently reasonable and is a cost savings, this will be a beneficial move. Director Hoffman concurred.

The Board approved the BCVWD water order from the San Geronio Pass Water Agency for 2019 in the amount of 18,000 acre-feet at the current rate of \$317 per acre-foot, a potential cost of \$5.76 million with a caveat to reduce the order if the price is increased by the following vote:

MOVED: Slawson	SECONDED: Hoffman	APPROVED 3-0
AYES:	Hoffman, Ramirez, Slawson	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	Covington	

7. Consideration of Approval of Relocation of Six (6) Domestic Meters (located on Parcel map 30937), Abandonment of a 2-inch Water Line and Construction of a 4-inch Water Line in the Community of Cherry Valley

General Manager Jagers explained that comments by Director Hoffman were incorporated into this recommendation. This is a tract of four housing lots, with an existing line that runs under some trees.

Mr. Mark Swanson reminded the Board that Parcel Map 30937 was brought forward a couple of months ago and pointed out the site map. Staff has

identified that a cluster of six meters located at the northwest corner serve existing homes to the west, and an existing 2-inch line is fed from Noble and runs under trees. With the development of the property, this is not the best solution and the trees will create a problem at some point.

Staff worked with the property owner who is conditioned to build a street (Princeton), under which will extend an 8-inch main off Noble, down Princeton. The best solution is to extend from the end of that Princeton line to the cul-du-sac. The District does have an easement across the properties to extend a four-inch line and would relocate the meters to each respective property.

He estimated the costs for moving the meters and installing the four-inch line including materials, District labor and equipment, plus contingency at \$42,400. Fencing and other details were discussed with the property owner.

Mr. Jagers pointed out the significance of the existing substandard two-inch line. The frontage along the houses was recently paved, and all of the existing plumbing is along the back sides of the houses so this appears to be the best most cost-effective solution. The District prefers not to locate meters at the rear of the house, but with the implementation of radio read technology there will not be a need to enter the property other than an annual check.

Director Slawson indicated this is a logical solution. In response to VP Ramirez, Mr. Swanson explained other alternatives that were considered but not recommended. Discussion ensued.

The Board approved the Relocation of Six (6) Domestic Meters (located on Parcel map 30937), Abandonment of a 2-inch Water Line and Construction of a 4-inch Water Line in the Community of Cherry Valley by the following vote:

MOVED: Slawson	SECONDED: Hoffman	APPROVED 3-0
AYES:	Hoffman, Ramirez, Slawson	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	Covington	

8. Consideration of Appointment of an Alternate to Represent the Beaumont-Cherry Valley Water District at the San Timoteo Groundwater Sustainability Agency

General Manager Jagers explained that the San Timoteo Groundwater Basin has been reclassified as very low priority. There still must be established a Groundwater Sustainability Agency, but creating a plan is not required. The basin is reviewed every five years and the priority that triggers the need for a plan may change, therefore the agency must be kept in place. There will be meetings to attend; Mr. Jagers is the primary, and the recently-retired Mr. Tony Lara is the alternate and must be replaced.

The Board approved the appointment of Mr. James Bean, Assistant Director of Operations, as Alternate to represent the Beaumont-Cherry Valley Water District at the San Timoteo Groundwater Sustainability Agency by the following vote:

MOVED: Hoffman	SECONDED: Slawson	APPROVED 3-0
AYES:	Hoffman, Ramirez, Slawson	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	Covington	

9. Discussion of the City of Beaumont/Beaumont-Cherry Valley Water District Recycled Water System Implementation Schedule

VP Ramirez called upon Ms. Judy Bingham for public comment. Ms. Bingham asked when the City of Beaumont would have recycled water.

Mr. Jagers said the City appears to be moving forward with the wastewater treatment plant upgrade from 4 to 6 million gallons per day. That triggers an event for the District to be ready to receive water, and the District is currently not there.

The BCWVD created an ad hoc committee of Daniel Slawson and David Hoffman to represent a technical committee meeting with the city's two members, which will be Brown Act meetings. Mr. Jagers is concerned that if the city's scheduled dates are correct, the District is already behind schedule on activities in which it must participate.

Mr. Jagers reviewed the schedule and advised the project is moving forward. He detailed some of the processes. He said he understands the City believes the plant will be operational by early March 2020. This is a \$100 million project to be completed in one year and five months.

The District must produce a memorandum of underrating with the City for recycled water and how delivery and associated costs might look. There is also opportunity for grants for which the District may apply, but that window is short and may expire by April 2019. The District has additional things to work on to be ready to receive recycled water, such as staff training, informational workshops for non-potable customers, finalization of recycled water use regulations, setting up site supervisor designation and trainings, developing recycled water user agreements, and obtaining use-area maps. Staff is doing this work, and Mr. Jagers anticipates a cost of approximately \$300,000 to \$500,000 to prepare, not including design and construction of the booster station.

The District must also obtain potable and non-potable water main maps and field verify the locations, do cross connection testing, and develop a plan for recycled water use area storage. A Title 22 distribution report must be revised as the laws have changed, and a general order water reclamation permit must be obtained – all by March 2020. Either the District or the City must design and build a booster station. Mr. Jagers estimates the District is seven to eight months behind schedule and must prepare if it is to participate. There is no time for delay, he stressed. The District is organized to hire an additional engineer to assist with the project.

Ms. Judy Bingham told the Board she believes the City of Beaumont will not have all of this done by 2020. She asked why the City is not paying for the booster station and indicated that the ratepayers should not be involved in this.

10. Update Regarding a Potential Lease Agreement with SMSA Limited Partnership, dba Verizon Wireless for a Cellular Tower located on District Property at the Lower Edgar Canyon Tank, APN 401-160-161 in the Community of Cherry Valley

Mr. Jagers reminded the Board that the District was working on plans with the entity for lease. The Verizon representative contacted the District and advised that since they are preparing to roll out 5g service, they have frozen their tower acquisition. The project is currently suspended.

11. Update Regarding District's Conversion of Direct Read Meters to Automatic Meter Read (AMR/AMI) Program

General Manager Jagers indicated that the program involved approximately 200 meter replacements per month. In August, the goal was met, so far in September 100 have already been placed. Last month, 140 new service meters were installed and staff estimated as many as 170 this month. VP Ramirez voiced appreciation for staff and field crew doing this work.

12. Reports For Discussion

a. Ad Hoc Committees:

Bogart Park Ad Hoc Committee: Director Hoffman advised there is still legal work on how the ownership and lease transfer from the County to the Parks and Recreation District will occur. All are in favor, and want to assure there are no negative effects. Director Hoffman added that Director Ramirez is now serving on the committee and his input has been helpful.

b. General Manager:

Mr. Jagers updated the Board on Well 22: The contractor reported the pump bowl is not repairable. Impellers are also significantly damaged. A new pumping unit will be required.

Mr. Jagers reported that production in the Beaumont Basin was 1,476 AF in August, 136 AF from the Canyon, for a total of 1,612. He noted that Canyon production has increased. Recharge facility maintenance was done in April during the shutdown and no additional maintenance has been needed other than scrubbing the top of the dirt when it is dry. He estimated use at 20 percent of capacity. Director Ramirez asked about algae issues. Mr. Jagers answered that copper sulfate has been dosed but rarely. The efforts by the State Water Project have improved the District's operation.

In August, almost 1,200 AF were recharged at the Noble Creek Facility: 59 AF for Banning, 1,138 for BCVWD. To date, totals are 7,765 AF for BCVWD, 395 for Banning for a total of 8,060 at the end of August.

b. Directors' Reports:

Director Slawson reported attending the San Geronio Pass Regional Water Alliance meeting. There was a presentation from Eastern Municipal Water District regarding the 20 x 2020 conservation plan signed by Jerry Brown. He

noted that most of the plan is already in the water quality management plan and it looks like staff may have to modify it only slightly to be in compliance.

Director Hoffman complimented staff on the surveillance camera system that was purchased and installed in house which saved the ratepayers at least \$10,000 to \$20,000. In addition, investments of unrestricted funds have been redirected and return has been significantly more than in the past.

c. Legal Counsel Report: None.

13. Announcements

Vice President Ramirez read the following announcements:

- SGPWA Water Rate Study Workshop: September 13, 2018 at 6:00 p.m., SGPWA Administrative Office
- Personnel Committee Meeting: September 24, 2018 at 5:30 p.m. in the District's Conference Room
- City of Beaumont Officer of the Year Awards: September 24, 2018 at 6:00 p.m. in the Water District Board Room
- Engineering Workshop: September 27, 2018 at 6:00 p.m.
- Beaumont Basin Watermaster Committee: October 3, 2018 at 10:00 a.m.
- Finance and Audit Committee meeting: October 4, 2018 at 3:00 p.m.
- Regular Board meeting: October 10, 2018 at 6:00 p.m.
- Engineering Workshop: October 25, 2018 at 6:00 p.m.
- Collaborative Agencies Committee meeting: November 7, 2018 at 5:00 p.m. (*Location: Beaumont-Cherry Valley Recreation and Park District – Noble Creek Community Center, 390 W. Oak Valley Pkwy*)

14. Action List for Future Meetings

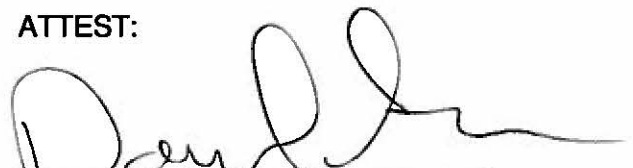
- Proposition 1 Bond Opportunities
- Proposition 68
- Water supply for BCVWD and the region

15. Adjournment: 7:48 p.m.



Director Andy Ramirez, Vice President
to the Board of Directors of the
Beaumont-Cherry Valley Water District

ATTEST:



Director Daniel Slawson, Secretary
to the Board of Directors of the
Beaumont-Cherry Valley Water District

