



BEAUMONT-CHERRY VALLEY WATER DISTRICT
560 Magnolia Avenue, Beaumont, CA 92223

**MINUTES OF SPECIAL MEETING – ENGINEERING WORKSHOP
OF THE BOARD OF DIRECTORS**
Tuesday, October 26, 2023 at 6:00 p.m.

*Meeting held in person at 560 Magnolia Ave., Beaumont, CA
pursuant to California Government Code Section 54950 et. seq.*

Call to Order: *President Hoffman opened the meeting at 6:05 p.m.*

Pledge of Allegiance was led by President Hoffman.

Invocation was given by Director Williams.

Announcement and Verification of Remote Meeting Participation
No Board members were attending via teleconference.

Roll Call:

Directors present:	Covington, Hoffman, Slawson, Williams
Directors absent:	Ramirez
Staff present:	General Manager Dan Jagers Director of Engineering Mark Swanson Director of Information Technology Robert Rasha Civil Engineering Assistant Evan Ward Civil Engineering Assistant Inmar Shihab Water Utility Superintendent Julian Herrera Executive Assistant Lynda Kerney
Legal Counsel	Steve Flower

Members of the public who registered their attendance: Lance Eckhart, Kevin Walton, and Mickey Valdivia from the San Geronio Pass Water Agency; Dr. Blair Ball, Paul Onufer, David Hendrix, and Jim Zimmerman.

Public Comment: None.

1. Adjustments to the Agenda

At the request of staff, President Hoffman continued to a future meeting Item 6: Resolution 2023-__ - Amending the District Policies and Procedures Manual Adopting Policy 3235 Military Leave and Policy 3110 Jury and Witness Duty.

General Manager Jagers corrected the lot count for Item 2, the Fairway Canyon development.

2. Presentation, Discussion, and Consideration of Preparation of a Joint Communities Facilities Agreement for the Proposed Tract 31462 Phases IVB and IVC (Fairway Canyon Development) located west of Tukwet Canyon Parkway and north of Oak Valley Parkway

General Manager Jagers introduced the request and noted that the purpose of the item is to allow the developer to present the concept of a Community Facilities Agreement. Director of Engineering Mark Swanson noted the request is for the water infrastructure facilities. He described the project location and provided background on the ongoing development.

This discussion is related to Oak Valley parkway Improvements, and the west side of Tukwet Canyon (near Sorenslam), Swanson stated, and the developer's goal is to finance the facilities into a CFD. Traditionally, the District has not participated in a CFD, but it is required of the developer by the City of Beaumont.

Swanson reminded the Board of prior discussion in January 2023. Director Covington recalled that the direction from the Board in January was to gain more information at a later date. It was on the City's agenda in June, he advised.

Mr. David Hendrix of Meritage Homes introduced Jim Zimmerman and noted that the City has approved the Tentative Map for Phase IV-C (366 homes and a 12-acre school site), the developer has met with the BCVWD Engineering Department, and grading is expected to begin in the next four months.

Mr. Hendrix enumerated the \$5.3 million in public facilities to be installed. Approved and ready for construction (out for bid) are the Oak Valley Parkway improvements, he noted.

CFD 2023-1 has been formed by the City of Beaumont, Hendrix continued. He emphasized that Meritage is the sole project in 2023-1 with funding for improvements only and the old CFD 93-1 has been canceled and has no effect on the project. All improvements will be constructed and paid for and funded by Meritage Homes prior to any of the bond sale proceeds (i.e., Meritage fronts all the costs and completes the improvements), he stated, then would be reimbursed.

Bonds will be issued in series and will have a term of 30 years, Hendrix explained. In response to President Hoffman, Hendrix confirmed the builder's responsibilities and bond obligation. He said the outlay would be a little more than \$28 million before any bonds are issued or any reimbursement to the builder. He provided additional detail on the bonds.

Director Covington asked about the typical process in the absence of a CFD. Mr. Hendrix explained that all developments within Fairway Canyon have CFDs with master infrastructure improvements included. The purpose is to have improvements completed and eligible for reimbursement, he continued.

President Hoffman noted that the developer would be extending the funding to complete the infrastructure but would not be building all of the homes that will utilize the infrastructure. It will be a series of bond issuances, Hendrix stated. There will be a number of homes within each established improvement district and the bonds would be sold for that district, then the improvements would be reimbursed. The overall benefit is the larger master improvements with an allocated portion to each district, he explained.

The Water District has no connection to the bonds, Hendrix assured. The District would sign a joint community facilities agreement and the CFD is managed by third parties, along with the funding mechanisms which are outside of the City's or developer's control. The developer pays all the costs of the improvements and pays fees to BCVWD, he noted. After full dedication, the improvements become full assets to BCVWD. Mr. Jagers noted that BCVWD had not participated in the Fairway Canyon CFDs but had done so in the past with the City and there had been issues with the management of the prior CFDs.

Director Slawson asked about BCVWD staff responsibilities; Mr. Hendrix indicated there would be no added work for District staff.

Director Covington asked about replacement of the prior CFD 93-1, and Mr. Hendrix noted it had been canceled and its obligations were canceled. He provided an overview of the current progress of the development. He confirmed in response to Director Covington that CFD 2023-1 would include only Phase IV-B, and Phase IV-C would likely have a 2025 number.

Director Williams asked for clarification on the bond sales. Mr. Hendrix said it will be explained to the purchaser about the assessment on the property tax bill at a rate lower than the mortgage rate. The residents will be the ones paying for the bonds, Williams noted, and asked about the third-party administrator. Hendrix clarified further, and Jim Zimmerman added that the administrator team is hired by the City (CFD) and consists of bond counsel, tax consultant, and trustees who make sure the funds are handled appropriately. He confirmed that the City does not have access to that money.

Director Williams asked about the need for BCVWD's participation. Mr. Hendrix said bonds would be issued because there are other eligible city improvements such as a sewage lift station and park site, but there are not sufficient improvements to fulfill the ability to satisfy the bond structure to fund more improvements. The District is needed to join in order to provide a larger group of eligible improvements, he stated.

Director Williams said it sounds like the residents would be paying for the project development. Mr. Zimmerman pointed to the boundary of the CFD and said the homeowners are paying for the house and infrastructure one way or another. The CFD provides a financing mechanism whereby they can purchase the home at a reduced price, and pay for the infrastructure part through the property taxes. Access to municipal financing and bond rates are much more beneficial than the higher mortgage rates, he posited.

BCVWD will not be involved in the bond issuance, and will not be on the tax bill line item, Zimmerman assured. It is intended to be a no cost proposition to the District; Meritage will cover costs related to the document.

Mr. Hendrix listed the benefits to BCVWD: Facilitate new development and additional customers, facilitate City providing BCVWD reclaimed water, facilitate low-cost financing of public water infrastructure, facilitate low cost housing to help solve the statewide housing crisis, and no risk or costs to BCVWD. It is invisible to the homeowner, but is all public information, he noted.

Mr. Zimmerman discussed the benefits to the homeowner. Director Williams asked if the charge was a fixed rate; Mr. Zimmerman said yes. Director Covington asked about limits on the rate, and Zimmerman acknowledged rates have been volatile. The rate is

currently about 5.25 to 5.5, he stated. Bonds are secured for a 30 year term, he responded to President Hoffman.

The bonds can be refinanced to achieve a lower rate for the benefit of the homeowner, Jagers pointed out, but the term may be extended to another 30 years. Mr. Zimmerman acknowledged that bonds are issued with the intention of refinancing for the benefit of the homeowners, but the term cannot be extended.

Mr. Zimmerman detailed the funding process.

Director Slawson asked why the District would approve the reimbursement cost. Mr. Zimmerman said the CFD, before the money is released to the developer, needs to assure the Water District did receive the improvements. Slawson asked if this would be work for the District, and Jagers indicated the inspections would have been done but there is a potential project management component. It would be expected for the administrator to reimburse the District to recover any costs of those hourly wages.

Director Slawson shared that he was paying a Mello-Roos on his home but said these Fairway Canyon homeowners would be paying for the infrastructure that was built for their home, not City-wide. Mr. Swanson added some detail on the existing CFDs.

In response to Director Williams, Mr. Hendrix described the labor and materials and construction bond, and the warranty bond which runs for one year after the improvements have been accepted. He confirmed for President Hoffman that inspections would be done as usual to assure the facilities meet District standards. President Hoffman noted the construction timeline and the one-year warranty application to the mainlines and asked Field Superintendent Julian Herrera if there was any concern. Mr. Herrera indicated there was not.

Director Covington posited that this has little or no effect on BCVWD. Mr. Hendrix explained that the developer is making this request because the facilities improvements are not eligible for reimbursement unless the District enters the CFD with the City as the lead agency.

Director Covington asked about the construction of Phase IV-C. Mr. Hendrix indicated that it is the current intention of Meritage to build all the homes, but they may bring in another guest builder who complements the product. Meritage Homes will record all the maps.

General Manager Jagers reviewed the backbone and supporting infrastructure covered by the CFD:

- Phase VI-B: in-tract work, non-potable, and potable pipelines in Oak Valley Parkway
- Phase IV-C: non-potable pipeline, and in-tract facilities

In past CFDs, the District has accepted funds for facilities such as wells and transmission pipelines, and but there has not been a case where the District has joined the City, and there has not been a CFD since he has been with the District, Jagers noted. He recalled a letter from the prior Fairway Canyon developer, Mike Turner, memorializing their conversation regarding how the infrastructure would be provided. It included an oversizing component of the line in Oak Valley Parkway which would involve contribution from the District's capacity charges (facilities fees), he continued, and the developer's responsibilities.

Mr. Swanson added that the net cost of the Oak Valley Parkway pipeline is \$5.3 million, and an oversizing contribution will be requested. Director Williams asked about the cost to the District, and Jagers clarified the oversizing component as a system-wide support.

Director Covington requested further information on the oversizing agreement. District Legal Counsel Steve Flower advised that Government Code 53316.2 provides for a mini-joint powers authority to allow multiple jurisdictions to work together for the limited purpose of financing facilities. The District will have to make a clear finding that it will benefit the residents who will ultimately be financing the facilities, he explained. The parties to the agreement would be the District and the City, he noted.

Director Williams asked about the working relationship under the agreement. Mr. Flower said he did not think it would be any different regarding the District's approval authority over the infrastructure installation, and the City's role would remain the same.

President Hoffman stated this is a big financial step, and it would take some time to digest the information. He tabled the item to a future meeting without objection.

3. Water Reuse Plans and Recycled Water Partnership with the City of Beaumont

General Manager Jagers reminded that the City and BCVWD created a 2x2 Water Reuse Committee. He noted that he had reported to the Board progress was being made. Jagers recapped recent activities and said he received a call from Beaumont City Manager Elizabeth Gibbs identifying that the City is planning to pause and take a step back regarding the recycled water agreement.

To move forward, the District needs to do work involving a significant investment, Jagers continued. To be confident in the investment in a booster station design and construction, the District needs the agreement, he stated, and the indication from Ms. Gibbs was that more may be known sometime in December.

Jagers reminded that a facilitator was hired via a three way agreement including the SGPWA for \$173,000, to get to the point where there was a recommendation by an independent third party. The consultant, Tom Holliman, identified that an adaptive management plan and a change of use permit were required to get the water out of the main tributary of Cooper's Creek, he explained, and the City let the RFP in June. The City received and filed the report from consultant Holliman which recommended the City produce the recycled water, enter an agreement with BCVWD, BCVWD build, operate, and maintain the facilities to distribute the recycled water for approved uses, and the SGPWA expand its current hydrological monitoring of groundwater recharge, make its basin available, and host meetings of the District.

The District provided a draft recycled water agreement to Ms. Gibbs on July 20, Jagers continued. The City received proposals for the adaptive management plan and on July 27 the three agencies met regarding the Holliman recommendations and how to move forward at a staff level and make presentations to the Board.

At its August 15 meeting, the City Council awarded a contract to Tom Dodson for the Adaptive Management and Mitigation Plan, Jagers stated. He noted that previous Director of Public Works Jeff Hart had left the City, but the issue may be more than lack of staff.

The Urban Water Management Plans (UWMP) of BCVWD and SGPWA rely on the implementation of recycled water and prevent the need for more water from outside sources, Jagers advised. He suggested a meeting of the 3x2 Committee to determine how to move forward and for the elected officials to weigh in.

SGPWA General Manager Lance Eckhart acknowledged the work and reiterated the importance of recycled water to the region. This is one of the highest growth areas of the state, and the UWMPs show the water is available. Being able to use local water over and over again is fundamental to the economic development of the area. He described the complexity of imported water, and said he is encouraged by the City's recognition of the needed planning and permitting.

SGPWA is looking to develop more recharge facilities at Brookside, and potentially incorporating the design of recycled water for winter peaking, Eckhart continued. The City also recently wrote a letter of support for grant funding for those facilities, he noted. The path forward is murky, he stated, and encouraged continued collaboration.

Jagers emphasized the need to move forward and asked the Board to schedule a meeting of the 3x2 Committee.

Director Covington pointed out the gaps between responses from the City of Beaumont, and supported a meeting of the 3x2 Committee to produce a go-forward schedule. He suggested reminding the City that the three agencies provided more than \$100,000 for the consultant to produce a report, and all agreed to live by the results of the report. He noted that the take permit issue was an oversight by the City, and recycled water has been in process for 30 years.

Mr. Jagers added that the District has been pushing to avoid a compression of facilities building and activities. He said he would request the City set a 3x2 Committee meeting as soon as possible.

Director Williams asked if a meeting of the elected officials would make a difference. Director Covington said he did not think the outcome would be any different. Jagers pointed out there were WSLs for approval tonight that rely on recycled water components. It is important to find out what the issues are, he said.

Director Covington wondered if all agencies might contribute toward the Dodson contract. He agreed that it is imperative to find out why the City is pausing, but cautioned to give them the benefit of the doubt. The City is still a great partner, but BCVWD has been a good partner and done much more than necessary, and deserves an answer regarding the City's pause. Get everyone together to vet out the issue, he suggested.

SGPWA Director Mickey Valdivia concurred with Director Covington and said he recalled BCVWD installing purple pipe 20 years ago and he was excited that recycled water was coming. He said he would advocate for moving forward and getting answers.

President Hoffman emphasized the need for continued courtesy, respect, and honesty while addressing goals and serving the people.

4. Request for *Will-Serve Letter* for Riverside County Assessor's Parcel No. (APN) 403-030-023 (end of the dedicated cul-de-sac within Napoleon Street, in the Community of Cherry Valley)

Director of Engineering Mark Swanson presented the request and reminded that there are two parcels belonging to the same owner, and the Board approved extension of the 2015 WSL for the other parcel at the last Board meeting. This is the parcel located on the northwest side of the cul-de-sac and is proposed for an approximately 4,000 square foot single family home with 913 square foot accessory dwelling unit. It is an infill project of 1 EDU.

The County is requiring roadway extension improvements, and the District would require extension of existing facilities into the cul-de-sac, Swanson noted. Both parcels have been conditioned to make the extension, and the owner will need to figure out how to complete it and any cost share between parcels.

The Board approved the request for water service and furnishing of a Will Serve Letter with conditions as enumerated for the property located at APN 403-030-023 within the community of Cherry Valley, subject to payment of all fees to the District and securing all approvals from the County of Riverside, by the following roll-call vote:

MOVED: Williams	SECONDED: Slawson	APPROVED 4-0
AYES:	Covington, Hoffman, Slawson, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Ramirez	

5. Request for Extension to *Will-Serve Letter* and Annexation Approval for a Proposed Multi-Family Residential Development "Xenia Apartments" (APN 419-160-005,-024 and 419-170-016, -017,-018,-022,-027) – Xenia Avenue, south of 8th Street and north of 6th Street in the City of Beaumont

Director of Engineering Mark Swanson presented the request for extension of the original WSL issued August 12, 2020. The project was extended once by the General Manager and now returns to the Board for extension.

Swanson explained the EDUs assigned to the 192 apartments plus common area, and non-potable demand. Estimated consumption would be a little less than 61,000 gallons per day (124.7 EDUs).

The project is going through the entitlement process and requires annexation, Swanson advised. The WSL is needed to proceed.

There are facilities in 8th Street, and should those not be sufficiently sized to satisfy the project demands, there will be extensions required, Swanson added.

General Manager Jagers noted that a Plan of Service would be provided as part of the LAFCO process. He pointed to the UWMP and the requirement for non-potable water and reiterated the prior discussion about recycled water and need for delay. From a total water planning perspective, any impact needs to be understood in order to accurately reflected in the Plan of Service, he stated. He suggested that it be communicated to the City that any uncertainty creates a pause from the District's

perspective to assure the information put forward is accurate, regarding this project and all projects moving forward.

In response to Director Williams, Swanson clarified the parcels to be annexed. Director Slawson observed that it seemed strange to have facilities surroundings the project, yet annexation is still required. Swanson provided some background on annexations to the City of Beaumont, which omitted annexation into the District. The area has been brought into the City piecemeal since the 1950s, Jagers added.

President Hoffman invited public comment. There was none.

The Board approved the extension of Will-Serve Letter and approved the annexation for the proposed multi-family residential development at APNs 419-160-024, 419-170-016, 419-170-017, 419-170-018, 419-170-022, and 419-170-027 within the City of Beaumont, subject to payment of all fees to the District and securing all approvals from the City of Beaumont by following roll-call vote:

MOVED: Williams	SECONDED: Covington	APPROVED 4-0
AYES:	Covington, Hoffman, Slawson, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Ramirez	

6. Resolution 2023-__ - Amending the District Policies and Procedures Manual Adopting Policy 3235 Military Leave and Policy 3110 Jury and Witness Duty

At the request of staff, President Hoffman continued this item to a future meeting.

7. Reports for Discussion and Possible Action

a. Directors' Reports:

- i. Beaumont Chamber of Commerce Breakfast on October 13, 2023 (Hoffman, Slawson)
- ii. Water Education Foundation Annual Water Summit on October 25, 2023 (Covington)
- iii. CSDA 2023 Special District Leadership Academy on October 22-25, 2023 (Slawson, Williams)

b. Directors' General Comments: None.

c. General Manager's Report:

President Hoffman drew attention to the comment letter sent to the Water Resources Control Board and encouraged follow up.

Mr. Jagers reported:

- Attended the Water Education Foundation Annual Water Summit with Director Covington
- The last part of the AMR/AMI system is being installed
- Comment letter went to the State Water Resources Control Board
- Zero Emission Vehicles regulation is coming up next year
- Chromium 6 issues are on the horizon
- PFAS is not believed to be an issue for the District
- Much legislation is lining up with requirements to become effective in 2025, putting compression on staff of small and medium-sized agencies
- Collaborating with other agencies to understand what is going on and develop solutions
- South Mesa Water Company has water available in their portfolio which may be available to BCVWD
- It appears there will be a lot of water coming down from the state, as it is expected to be another wet year. There will be a discussion on funding and water supply strategy
- The MDP Line 16 ribbon cutting was featured in the Record Gazette
- El Nino weather may be in effect until spring of 2024
- A reduction in production may be occurring in Well 21

d. Legal Counsel Report: None.

8. Topic List for Future Meetings

- Update / presentation on the AMR / AMI project
- Presentation on the San Bernardino Valley Resource Conservation District
- Presentation on solar power opportunities
- Sites Reservoir update
- Policy 5095 – District Residences and Facility Emergency Policy

9. Announcements

President Hoffman called attention to the following announcements:

- Beaumont Basin Watermaster Special Meeting: Wednesday, Nov. 1 at 11 a.m.
- Collaborative Agencies Committee: Wednesday, Nov. 1 at 5 p.m.
- Finance & Audit Committee meeting: Thursday, Nov. 2 at 3:00 p.m.
- Personnel Committee Special Meeting: Tuesday, Nov. 6 at 5:30 p.m.
- Regular Board Meeting: Wednesday, Nov. 8 at 6 p.m.
- District offices closed Thursday, Nov. 9 in observance of Veterans Day
- Engineering Workshop: Thursday, Nov. 16 at 6 p.m. (early due to Thanksgiving holiday)
- Personnel Committee Meeting: Tuesday, Nov. 21 at 5:30 p.m.
- District offices closed Thursday, Nov. 23 in observance of Thanksgiving Day
- Ad Hoc Communications Committee meeting: Wednesday, Nov. 1 at 6 p.m.

10. Recessed to Closed Session: 8:40 p.m.

- a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Pursuant to California Government Code Section 54956.9 (2) (d)
Based upon condition of public property
- b. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54947
Title: General Manager

11. Report on Closed Session

Item 10a: President Hoffman stated that no reportable action was taken on item 10a.


Item 10B: President Hoffman reported that no changes were recommended to the General Manager's contract or fringe benefits. The contract starts another three year term. The GM will receive a Cost of Living Adjustment of 3.7 percent to match the employees' COLA, plus a 1.3 percent merit increase.

12. Consideration and Possible Action Regarding Proposed Changes to Contract, Salary, and / or Fringe Benefits of General Manager


No action was taken.

13. Adjournment

President Hoffman adjourned the meeting at 9:02 p.m.



Director David Hoffman, 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