



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

**MINUTES OF REGULAR MEETING – ENGINEERING WORKSHOP
OF THE BOARD OF DIRECTORS
Thursday, April 25, 2024 at 6:00 p.m.**

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

Call to Order: *Vice President Slawson opened the meeting at 6:07 p.m.*

Pledge of Allegiance was led by Director 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:	Hoffman, Slawson, Williams
Directors absent:	Covington, Ramirez
Staff present:	General Manager Dan Jagers Assistant Director of Finance and Administration Sylvia Molina Director of Information Technology Robert Rasha Director of Engineering Mark Swanson Civil Engineering Assistant Evan Ward Civil Engineering Assistant Khalid Sebai Development Services Technician Lilian Tienda Field Superintendent Julian Herrera Executive Assistant Lynda Kerney
Legal Counsel	James Markman

Members of the public who registered their attendance: David Hendryx, and Nyles O’Harra of the Yucaipa Valley Water District.

Public Comment: None.

- 1. Adjustments to the Agenda:** None.
- 2. Discussion Regarding Issuance of Grading Water for Upcoming Development Within Fairway Canyon Master Planned Community (Tract 31462 – Phase IVC)**

Director of Engineering Mark Swanson advised that this item requires no action by the Board. He reminded the Board of prior discussion of this activity since 2019 and provided some history of the development.

In 2021, Meritage Homes came in and took ownership of Phase IV-B and IV-C areas of Fairway Canyon to finish the development. These five tracts of Phase IV-C are the last large grading for this development, Swanson stated.

The developer has indicated that rough grading will take about six months and finer grading will be two months, depending on weather. The estimated quantity of water is about 250,000 gallons per day, which is not an abnormal amount. A conditional letter is provided which sets forth and identifies a few requirements such as a larger meter (the developer will provide their own certified meter), and water will be curtailed if there are issues such as a well out of service or Public Safety Power Shutoff (PSPS).

Meritage complied with all requirements during their grading last year, Swanson noted.

Meritage Homes Project Manager David Hendryx thanked staff and reiterated this will be the final phase of grading. He said he was looking forward to the work beginning in July following a preconstruction meeting which will include representatives from the District and the City.

3. Presentation, Discussion, and Possible Action Regarding 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

Director of Engineering Mark Swanson presented a request from the developer for the Board to enter a Joint Community Facilities Agreement (JCFA) with the City of Beaumont for the financing of certain water facilities (primarily pipelines). He reminded the Board of discussion at prior meetings, and this is now back for consideration at the request of the developer.

The JCFA allows for financing for the developer’s portion of their cost of the construction, putting it onto the homeowner, Swanson continued. This is not something the District has engaged in the recent past. District policies are unclear on this issue, he noted.

Swanson detailed the components to be constructed under the JCFA:

Phase	Improvement	Note
IVB	Oak Valley Pkwy (Potable)	4,170 LF of 18-in. Pipeline (2650 PZ) 4,150 LF of 24-in. Pipeline (2520 PZ)
	Oak Valley Pkwy (Non-Potable)	4,120 LF of 18-in. Pipeline (2600 PZ)
	Sorenstam Drive Potable Infrastructure	3,190 LF of 12-in. Pipeline (2520 PZ)
IVC	Oak Valley Pkwy (Non-Potable)	6,050 LF of 12-in. Pipeline (2400 PZ)

These are not in-tract facilities, these are the feeders to the development, Swanson explained. General Manager Jagers pointed out that during the last discussion, in-tract facilities were also being considered, but Meritage Homes has adjusted and would like to reinforce their ask.

Mr. Hendryx noted there are two phases of the development, one of which is complete (Sorenstam). The in-tract facilities were removed, and the 12-inch non-potable line was added to the request, he explained. He noted that within all this backbone infrastructure, there are no credits toward any of the \$8 million in facilities fees. It would be helpful to Meritage to be able to finance the construction portion through the Community Facilities District (CFD), he stated.

Once the facilities have been completed and accepted by the District, bond sale proceeds would be for reimbursement, Hendryx continued. Other City improvements are included in the CFD, and Meritage would like to have enough improvements to be completed when bond funds become available to help manage the cash flow. The Oak Valley Parkway improvements must start soon, he advised, as the Will-Serve Letters are all conditioned upon completion of Oak Valley Parkway and the 12-inch pipeline.

Any reimbursement for Oak Valley Parkway would not be expected to be reimbursable for the gross amount, it would be the net amount with District participation, Hendryx explained. He shared a PowerPoint that was similar to the previous presentation:

- 787 single family homes completed and 300 are occupied
- BCVWD Mater Plan improvements to be installed by Meritage (\$9 million)
- All master infrastructure will be advancing ahead of the in-tract
- The project de-annexed from the former CFD 93-1, and Meritage is the only developer in the new CFD 2023-1
- The City improvements include a lift station, public park, and other, and the developer would like to add the water improvements in order to have sufficient facilities to utilize for the bond proceeds
- No additional cost to the District – administrative costs are borne by the City, and the CFD is administered by the City
- Meritage will be funding all costs until there are enough homeowners paying taxes to issue the bonds

This is a much different home selling environment, Hendryx pointed out. The company is incurring significant costs with interest rate buydowns, he explained, subsidizing the first few years in anticipation of refinancing at lower interest rates. Inclusion of the improvements in the JCFA would help with the economics of the project, he stated.

Director Hoffman requested details on how the bond works and what the District is doing that assists with Meritage cash flow and does not burden the District further.

Mr. Hendryx provided details on the Mello-Roo's bond with the City as the lead agency, reimbursing costs to Meritage and allowing collection on the property tax bill. Without it, home prices would have to be higher, he noted. The District's information would not appear on the tax bill, and there will be real estate disclosures to the home buyer.

In response to Director Slawson, Mr. Hendryx indicated that multiple agencies and improvements are included in the bond, because the size of the bond will get a better premium. The City improvements alone do not provide sufficiency to utilize the full proceeds available. He complemented the work of Mr. Swanson to value-engineer the improvements to know that the system will work for pressure, long-term maintenance,

and efficiency. Director Slawson noted that he expected the use of Mello-Roo's to be more common in the future. Mr. Hendryx indicated that all competitive projects in this marketplace have CFDs.

Mr. Hendryx asked the Board to facilitate the reimbursable portions that may be eligible for reimbursement through the bond proceeds.

Due to the absence of two directors, Vice President Slawson continued the item to the next meeting on Thursday, May 16.

4. Update: Presentation on BCVWD Capital Improvement Program

Director of Engineering Mark Swanson presented a thorough second quarter report to the Board on District activities. He and Mr. Jagers discussed recently completed projects and ongoing projects, and responded to questions from the directors. Swanson updated the Board on several projects upcoming, and several planned for the future.

Future projects include:

- Operations Center (formerly the Engineering and Operations Center)
- Non-potable Pressure Reducing Valve Station
- Orange Avenue Replacement Pipeline
- 2024 Replacement Pipeline series
- Chromium 6 compliance implementation

Mr. Jagers provided detail on new the Chromium 6 (Cr6) maximum contaminant level of 10 parts per billion adopted by the State Water Resources Control Board on April 17, 2024. It now goes to the Office of Administrative Law to be codified. He advised the Board that it will have to be implemented within two years. BCVWD currently has three affected wells, two of which are shared with the City of Banning. Cr6 may also appear in wells 1 and 2 once they are re-drilled.

The City of Banning has done some pilot studies and has a consultant on board to update the report produced in 2022. Mr. Jagers reported that he has spoken to an engineer who is also doing some testing on potential solutions. He estimated that treatment could add up to \$500 per acre foot to the cost of the water supply for the affected wells.

One approach may be to reconfigure the location of two affected wells and create some wells that offer an opportunity for avoidance, Jagers suggested. He said he will also speak with Banning Director of Public Works Art Vela about solutions such as a pipeline.

Vice President Slawson asked about diversion of water exceeding the Maximum Contaminant Level (MCL) into the non-potable system as was done previously, avoiding the need for treatment. Mr. Jagers noted that for those wells co-owned with the City of Banning it will need to be figured out how to make their investment whole, and the City's alternatives.

Jagers discussed potential short term and long-term strategies, noting that analysis must be done, but there might be financial benefits to in-lieu activities. Good management might allow deferral of costly activity, he noted.

Vice President Slawson commented that it was infuriating that even after lawsuits, the State Water Resources Control Board (SWRCB) did the same thing as last time.

Jaggers suggested bringing the Cr6 discussion back to a future meeting.

Mr. Swanson advised that the City has presented staff with the Americans with Disabilities Act (ADA) sidewalk project and staff has identified where issues may occur with District facilities, including 50 to 60 meters that must be relocated, along with fire hydrants, blow offs, and more. He will be scheduling a meeting with the City soon to express concerns and to understand their timeline. Mr. Jaggers recalled that President Covington had suggested working collaboratively with the City buying materials. He suggested bringing this back to the next meeting.

5. Update: Making Conservation a California Way of Life (AB 1668 and SB 606)

General Manager Jaggers pointed out that if demand is reduced by legislation, such as 25 percent less demand over 20 years, the District may not want to spend millions on treatment facilities that may become obsolete. He discussed the update draft response to the legislation has been moved out five more years (implementation now in 2028 with most impact between 2035 and 2040).

All the legislation makes it interesting to understand short-term exposures and future reality, Jaggers noted. Handling of these problems also ties in to recycled water, and he has requested a meeting with the City. Staff must continue to move forward diligently on all fronts in order to have a holistic plan that keeps costs as low as possible for the ratepayers.

6. Update: State Water Resources Control Board Rulemaking on Chromium 6 Maximum Contaminant Level

This item was covered under Item 4.

7. Reports for Discussion and Possible Action

a. Directors' Reports:

- i. Beaumont Chamber of Commerce Breakfast on April 12, 2024 (Hoffman, Slawson, Williams)

b. Directors' General Comments:

Vice President Slawson acknowledged that the many activities are challenging for staff.

c. General Manager's Report:

In addition to the written report, Mr. Jaggers reported:

- The State Water Project allocation has been increased to 40 percent
- Total imported water available to the region may be up to 12,820 acre-feet
- The San Geronio Pass Water Agency believes it will be able to meet all orders
- BCVWD's Beaumont Basin storage account is back to pre-drought level

- Rate study kicked off with a meeting this week
- Will be discussing how to move forward with a potential Operations Center
- Staff analyzed the 2028 electric vehicle compliance and determined that the percentage of vehicle replacements is about equivalent to the desired purchases of this year, so it is prudent to wait
- It is a challenging legislative environment
- There may be a need to buy or rent a facility to replace the one at 12th and Palm
 - Vice President Slawson emphasized the importance of keeping staff safe and encouraged doing what needs to be done

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
- ~~Engineering and Operations Center~~
- Chromium 6 discussion

9. Announcements

Vice President Slawson called attention to the following announcements:

- Collaborative Agencies Committee: Wednesday, May 1 at 5 p.m.
- Finance & Audit Committee meeting: Thursday, May 2 at 3 p.m.
- Regular Board meeting: Wednesday, May 8 at 6 p.m. – CANCELED
- Special Board meeting: Thursday, May 16, 2024 at 6 p.m.
- Personnel Committee meeting: Tuesday, May 21 at 5:30 p.m.
- San Gorgonio Pass Regional Water Alliance: Wednesday, May 22 at 5 p.m.
- Engineering Workshop: Thursday, May 23 at 6 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, June 5 at 11 a.m.

10. Recess to Closed Session

Vice President Slawson announced the following item and adjourned the meeting to Closed Session at 7:35 p.m.

- a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to California Government Code Section 54956.8
Property: APNs 408-080-009, 408-080-010, 408-080,011, 480-080-012
Agency Negotiator: Dan Jaggars, General Manager
Under Negotiation: Price and terms of payment
- b. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Pursuant to California Government Code Section 54956.9(d)(4)
One case

c. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54947
Title: General Manager

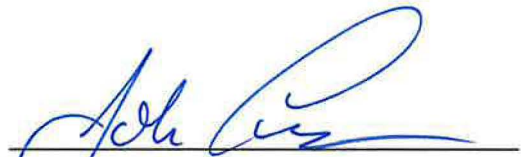
Reconvened in Open Session at 7:53 p.m.

11. Report on Action Taken During Closed Session

Vice President Slawson announced that no reportable action was taken.


12. Adjournment

President Covington adjourned the meeting at 7:53 p.m.



Director John Covington, President
to the Board of Directors of the
Beaumont-Cherry Valley Water District

ATTEST:



Director Lona Williams, Secretary
to the Board of Directors of the
Beaumont-Cherry Valley Water District