



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

**MINUTES OF REGULAR MEETING – ENGINEERING WORKSHOP
OF THE BOARD OF DIRECTORS**
Thursday, April 24, 2025 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: *President Slawson opened the meeting at 6:08 p.m.
Pledge of Allegiance was led by Director Williams.
Invocation was given by Director Ramirez.*

Announcement and Verification of Remote Meeting Participation
*Vetted by Legal Counsel Markman, the Board approved by consensus the attendance
of Director Ramirez via teleconference under the AB 2449 Just Cause provision.*

Roll Call:

Directors present:	Covington, Hoffman, Ramirez, Slawson, Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Engineering Mark Swanson Director of Operations James Bean Director of Information Technology Robert Rasha Human Resources Manager Ren Berioso Customer Service Supervisor Sandra Delgadillo Finance Manager William Clayton Management Analyst II Erica Gonzales Customer Service Representative II Ericka Enriquez Associate Civil Engineer Evan Ward Engineering Assistant Khalid Sebai Development Services Technician Lilian Tienda Water Utility Superintendent Julian Herrera Water Utility Worker II Luis Lomeli Administrative Assistant Cenica Smith Executive Assistant Lynda Kerney
Legal Counsel	James Markman

Members of the public who registered their attendance or appeared online:

Sanjay Gaur Water Resources Economics Inc.	Ana Jacobs 39745 Baldi Ct	Jeane Rossiter 1391 Quince St
Steve Matthews 8620 Appletree Ln	Keith Sloan 750 E 1 st St	Todd Cargill 952 Palm Ave
Natalie Rask 1354 Olympic St	Tobby Rask 1354 Olympic St	Danny Webster 10189 Nancy Ave
Wolfgang Schweder 1545 Timberline	Kevin Higgins 9225 Ave Maravilla	Cindy Richarte 1444 Tours Ct
Debbie Ishah 1255 Estancia	Janet Covington	Susie Jaggars
Ron Cox 1568 Park Haven Dr	Dr. Blair Ball	

Public Comment: None.

1. **Adjustments to the Agenda:** None.

2. **PUBLIC HEARING**

- a. **Resolution 2025-11 Rejecting AB 2257 Challenges or Objections to the Proposition 218 Process and Proposed Rates**
- b. **Resolution 2025-12: Amending Part 5 of the District's Rules and Regulations Governing Water Service Rates, Fees and Charges and Establishing Water Rates and Consumption Charges and Superseding Resolution 2020-04 Effective May 1, 2025**

President Slawson reminded the Board of the adoption of Resolution 2025-03, a Resolution of Intent to increase water rates and charges and setting the date for this public hearing. District Legal Counsel Markman introduced the action and reviewed the provisions of Proposition 218, other applicable law, and the procedure for adoption of rates.

Public Hearing opened

President Slawson declared the Public Hearing open at 6:20 p.m.

Recording Secretary's Report

Recording Secretary Lynda Kerney reported:

The Notice of Public Hearing was published in the Record Gazette on April 11 and April 18 and posted at the District Administrative office plus three additional places, and on the District's website. As of this evening, 30 protests have been received. At this time a majority protest does not exist.

Staff presentation

General Manager Jaggars drew attention to the AB 2257 challenge process, noted that the required written response to the challenges received was located in the agenda packet and recommended adoption of the resolution rejecting the challenges.

Jaggers and Finance Manager William Clayton explained that the proposed rate adjustments were the culmination of more than a year of planning and financial analysis. The District's consultant, Water Resources Economics (WRE), conducted a cost-of-service study to evaluate the financial sustainability of BCVWD's operations and infrastructure needs. Clayton emphasized that the proposed rate increases are aimed at securing the District's fiscal stability, meeting state regulatory mandates, maintaining critical infrastructure, and promoting fairness in customer billing.

Sanjay Gaur, WRE's lead consultant, presented the core findings of the rate study. He noted that BCVWD, like many water agencies across California, faces mounting operational pressures, including rising costs for energy, insurance, and compliance with complex regulations. These inflationary pressures have outpaced current revenues. Gaur explained that BCVWD's infrastructure, with many components dating back nearly a century, is reaching the end of its useful life. The District must replace aging pipelines, rehabilitate wells, and construct a consolidated headquarters to improve operational efficiency.

A significant driver of the rate adjustment is the increasing cost of services that ensure safe, reliable water delivery 24/7 in compliance with quality standards. These are largely fixed costs, unaffected by individual water usage. Gaur explained that even with conservation, which reduces the amount of water sold, the system's core operating expenses remain constant, creating a structural revenue gap if rates are not adjusted.

To close that gap, the District developed a financial plan featuring a phased 15% annual rate increase over five years. This approach funds 65% of the District's Capital Improvement Plan (less than the 75% funded in the previous rate cycle) and includes prudent debt issuance to help smooth financial impacts over time. The proposed rates are "not-to-exceed" values, giving the Board discretion to implement lower adjustments in later years if financial conditions improve. A formal rate review is scheduled for the third year.

Jaggers added insight into the regulatory landscape, particularly the "Making Conservation a California Way of Life" regulations, which will gradually lower allowable indoor and outdoor water use through 2045. While BCVWD is currently in compliance, future compliance may require further rate structure modifications. He also highlighted the uncertain financial impact of new mandates related to chromium-6 treatment, fleet electrification, and PFAS (forever chemicals) mitigation, which are not yet included in the current rate projections due to unknowns in scope and cost.

Throughout the remarks, staff underscored the District's commitment to cost control through staffing efficiencies, grant acquisition, and deferral of non-essential capital work. They also stressed transparency, with extensive community outreach, board workshops, public town halls, and accessible documentation. The proposed rates, while significant, were described as essential to preserving the District's ability to provide reliable, high-quality water service and to ensure long-term system sustainability in an increasingly challenging regulatory and economic environment.

Director comment

Director Covington emphasized the unpredictability and burden of unfunded state mandates. He pointed out that many have significant cost implications not yet factored into the current rate structure due to their uncertain scope. He advocated for

transparency about these looming costs and warned that the District may need to revisit rate increases again in three years, which is highly unusual.

Covington stressed that it would be irresponsible to estimate these costs prematurely and impose them on ratepayers. He cited the City of Banning as a cautionary example, where chromium-6 treatment is projected to cost between \$50 and \$70 million. He posited that the Board's intent is not to fund unknown costs now but to be prudent and revisit them when clearer information is available.

Director Covington underscored that the rate study and subsequent proposed increases represent a conservative, careful, and essential financial planning effort over the past year. He cautioned the public not to assume that the Board would revise the proposed rates downward during this hearing, as doing so would unravel a year of detailed financial planning. While the projected increases are significant, they are driven by the economic reality of maintaining a complex and aging water system under increasing regulatory pressure, he explained.

Director Ramirez acknowledged the work done on the rate study but reiterated his position, favoring a more conservative approach and said he preferred a lower, more measured adjustment. Ramirez emphasized the importance of continuing capital improvement projects but cautioned against overextending on expenditures such as real estate acquisitions. He noted the Board's responsible budgeting on salaries.

Director Williams clarified that adopting the rate structure does not automatically implement rate increases, and highlighted the Board's flexibility to adjust rates downward if economic conditions improve within the three-year review period. She emphasized that the District's responsibility is to provide safe, reliable water, which necessarily comes at a cost. Williams said she supported the rate adjustment as a means to ensure water safety and quality, stressing that public health and infrastructure sustainability must remain the top priorities.

Director Hoffman thanked the public for their participation and raised a question about whether rate increases lead to reduced consumption, potentially undermining revenue. Consultant Gaur responded that significant conservation has already occurred, and revenue targets are expected to be met unless impacted by extreme drought. Hoffman listed several cost pressures, including employee benefits, energy costs, infrastructure needs, and regulatory mandates. He noted that the District has maintained accurate financial forecasting, typically staying within 1 to 2% of budget projections, and affirmed his support for the proposed rate plan as fiscally necessary.

Director Covington offered historical context, reflecting on the consequences of the District not updating rates between 2013 and 2020. He explained that the lack of action during that time led to significant deficits and underfunded capital improvements, forcing the District to play financial catch-up during and after the 2020 rate study. He defended the current proposal as a conservative but necessary step to continue that recovery. Covington also highlighted cost increases in energy, insurance, and infrastructure, and pointed out that the average bi-monthly impact on most customers is relatively modest. He emphasized the need for ongoing planning to avoid repeating past mistakes.

President Slawson praised the District's in-house cost-saving efforts and commitment to operational efficiency. He emphasized that the District's role is not to generate profit but to responsibly manage and deliver water services. He acknowledged the compromise inherent in the proposed 15% annual increase, noting that funding only

65% of the capital improvement plan carries risk. He said he supported the plan as a responsible balance between infrastructure needs and ratepayer impact.

7:24 p.m. President Slawson called a recess

7:35 p.m. President Slawson reconvened the meeting

Public comment

Jeane Rossiter raised questions about potential cost-saving strategies, including drilling additional wells to reduce reliance on imported water and delaying facility upgrades. She voiced concern that energy-efficient households still end up in higher rate tiers and suggested the tier structure might need adjustment. She also urged the community to engage with the Public Utilities Commission to address electricity rate hikes and expressed concern over the cumulative financial impact of rising utility and tax costs on residents.

Todd Cargill expressed skepticism about the rate setting process, characterizing it as a foregone conclusion rather than a deliberative consideration. He questioned why the rate increase was not proposed as a bond measure subject to voter approval. Additionally, he cited local water wastage observed near a pumping station and questioned the District's efficiency messaging. He concluded by criticizing what he viewed as public relations gestures like the new online payment portal, given the significant proposed rate increases.

Natalie Rask urged the Board to show greater compassion for residents who are struggling with rising costs across all aspects of life. She acknowledged the necessity of paying bills but asked that decisions reflect humanity and understanding. She also advocated for multilingual communication, noting that non-English speakers may have been unaware or unable to participate due to language barriers in mailed materials.

Toby Rask supported the need for infrastructure investment but questioned whether other revenue sources besides ratepayers could be explored. He proposed reinvesting a portion of the rate increase into interest-generating accounts or financial instruments to provide long-term returns. He also criticized state mandates such as vehicle electrification, which he believes impose unfair financial burdens on agencies and residents alike.

Dr. Blair Ball raised concerns about board member compensation, particularly health insurance and per diem costs. He cited specific figures, including a director allegedly receiving over \$64,000 in total compensation in 2024, and questioned whether this aligns with community expectations. He urged the Board to reassess director benefits and spending, suggesting the Finance and Audit Committee review these policies. Dr. Ball requested that the Board delay action on the rate increases to allow time for further scrutiny and cost reductions at the governance level.

Kevin Higgins questioned the absence of grant funding in the District's capital improvement projections and urged the Board to actively pursue local, state, or federal grants to ease the financial burden on ratepayers. He also raised concerns about rising labor costs, the accuracy of projected development-related revenue, and the use of developer fees. Higgins emphasized the need for financial transparency and efficiency, as well as welcomed further discussion with staff to address his detailed observations.

8:02 p.m. President Slawson called a recess

8:14 p.m. President Slawson reconvened the meeting

Staff response to questions

Staff responded in detail to the points made during public comment:

- Drill more wells to reduce reliance on imported water. BCVWD operates under a court adjudication that limits groundwater pumping in the Beaumont Basin unless replenished with imported water. Thus, simply drilling more wells does not reduce reliance on imported supply and would not lower costs.
- Increase water storage/capture capacity. The District is pursuing a recycled water agreement with the City of Beaumont and recently completed a grant-funded stormwater capture project in partnership with Riverside County Flood Control. These efforts aim to enhance local water availability but are costly and require long-term investments.
- Defer or reduce scope of facility upgrades. BCVWD has already deferred capital projects where feasible. Some essential projects, such as booster stations funded by developer fees, are tied to service commitments in growing areas and do not impact ratepayer funds.
- Cut operational or personnel costs. BCVWD operates with a lean staffing model, currently averaging one employee per 471 connections, higher than regional averages. Staff have pursued operational efficiencies, including artificial intelligence, to minimize future staffing growth. Staffing projections include regulatory compliance needs and assume modest growth. Whether labor is performed in-house or outsourced, the cost must be budgeted and accounted for.
- Review tiered rate structure; concern that Tier 1 allotment is too low. The tiered structure aligns with state conservation policy. Tier 1 is priced to cover basic indoor needs, while higher tiers reflect greater discretionary use, especially landscaping. This model promotes efficiency and long-term compliance with state mandates.
- Concern about Southern California Edison (SCE) costs increasing rates. Rising electricity costs represent a major portion of the District's operational budget, and staff continues to seek ways to mitigate energy use but cannot control external utility rate hikes.
- Perception that the rate decision was already made. Staff presented a timeline of the process and advised that the proposed rate increase was introduced at an earlier meeting and published with the Proposition 218 notice.
- Why not use a bond measure instead of rate increases? BCVWD does not have access to general tax revenue or bonding authority via tax-backed measures. All operating and capital costs are recovered through rates and

developer impact fees, making the rate the most direct and transparent funding mechanism.

- Explore other funding sources to reduce ratepayer burden. Alternative methods such as assessments or taxes merely shift the cost, often less transparently. BCVWD's rate-based model ensures customers see and understand the full cost of service.
- Electric vehicle (EV) mandate and related costs. Staff acknowledged the burden of the state's EV transition requirements, especially for emergency and utility vehicles. BCVWD and other agencies are advocating for legislative relief to mitigate costs and operational challenges.
- Reduce Board member compensation and benefits. Board service demands time and expertise, and compensation enables broader community participation. An ad hoc committee is reviewing Board policies, including per diems and benefits.
- Perform further cost review. Delay is not advisable. A review of Board costs is already underway but does not materially affect the overall rate increase proposal.
- There is no grant funding reflected in the rate study. Only secured funding is included in rate models. To include speculative grant income would mislead ratepayers and potentially underfund capital needs. BCVWD actively applies for grants and has secured millions in recent years, including for meter upgrades, pipelines, and stormwater capture.

Last call for written protests

President Slawson made a last call for written protests. No further letters were submitted. Kerney confirmed a total of 30 protests received. A majority protest does not exist.

Public Hearing closed

President Slawson declared the public hearing closed at 8:39 p.m.

Board discussion

Director Williams thanked attendees for their participation and emphasized the Board's efforts to remain transparent and informative. She noted that some of the concerns voiced were shared by the Directors themselves. She related the District's infrastructure maintenance needs to everyday household responsibilities, underscoring that water system upkeep for maintaining a safe and reliable water supply inevitably involves cost. She invited the public to attend Finance and Audit Committee meetings to stay informed and involved in District decisions.

Director Hoffman noted that the District's reserved and restricted funds are not idle but are actively invested, yielding a return of approximately 5.1% in late 2024. He expressed appreciation for the public's engagement and emphasized his commitment to continued learning and responsible governance.

Director Covington reflected on the public hearing and the role of the Board. He highlighted the importance of community participation, noting that regular meetings

are often sparsely attended despite significant public impact. He discussed the Board’s year-long work on the rate study with multiple meetings and encouraged residents to engage beyond the Proposition 218 notification, pointing to resources such as Zoom broadcasts, archived minutes, and online agendas to stay informed. He also defended the value of Board service, noting the substantial time commitment and the need for educated, engaged decision-makers to manage a complex and regulated utility. He addressed policy revisions, cost-control measures, and the long-term consequences of past underinvestment, reinforcing the importance of planning, transparency, and maintaining a fair rate structure.

President Slawson expressed appreciation for both the public’s input and acknowledged in-house staff initiatives that saved money and highlighted the District’s holistic approach to financial stewardship. Slawson stressed that rate decisions are based on careful analysis by consultants, engineers, and staff, and that responsible planning requires input from all parts of the organization, and supported the rate increase as a necessary action to prevent financial insolvency and to ensure continued water service to the community.

Director Ramirez echoed the appreciation for public engagement and the General Manager’s thorough response to public concerns. He emphasized the dedication and education of the Board, noting the complexity and scale of the decisions they make. Ramirez also acknowledged the time and personal investment required of Directors and stressed the importance of maintaining healthy, informed leadership for effective governance.

The Board adopted Resolution 2025-11 Rejecting AB 2257 Challenges or Objections to the Proposition 218 Process and Proposed Rates by the following roll-call vote:

MOVED: Covington	SECONDED: Williams	APPROVED 4-0-1
AYES:	Covington, Hoffman, Slawson, Williams	
NOES:	None	
ABSTAIN:	Ramirez	
ABSENT:	None	

The Board adopted Resolution 2025-12: Amending Part 5 of the District’s Rules and Regulations Governing Water Service Rates, Fees and Charges and Establishing Water Rates and Consumption Charges and Superseding Resolution 2020-04 Effective May 1, 2025 by the following roll-call vote:

MOVED: Covington	SECONDED: Hoffman	APPROVED 4-0-1
AYES:	Covington, Hoffman, Slawson, Williams	
NOES:	None	
ABSTAIN:	Ramirez	
ABSENT:	None	

3. Acknowledge Receipt of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for BCVWD’s 2023 Annual Comprehensive Financial Report

Finance Manager Clayton gave an overview of the award. Directors commended the work of staff and acknowledged this is the 7th year in a row to receive this award.

The Board received and filed the award by the following roll-call vote:

MOVED: Williams	SECONDED: Covington	APPROVED 5-0
AYES:	Covington, Hoffman, Ramirez, Slawson, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

4. Resolution 2025-13: Amendment to the BCVWD Fiscal Year 2025 Operating Budget for 01-10-110-550012 Election Expenses

General Manager Jagers advised that the cost of the election seemed exorbitant, having tripled from staff’s estimate based on prior years. The requested transfer of \$78,000.00 is above the General Manager’s discretion, he said. Finance Manager William Clayton explained that the Riverside County Registrar of Voters office uses a multiplier per voter, there has been growth in the number of registered voters, and future budgets will consider a higher cost.

Director Williams added that the Finance and Audit Committee was shocked at the cost. Several inquiries were made to the Registrar’s office for information on the bill but will not disclose what makes up the cost and does not provide the invoice until several months following the election. President Slawson noted that the Registrar bills for all the work related to the District’s election, and it must be paid.

The Board adopted Resolution 2025-13 authorizing a mid-year adjustment to the Fiscal Year 2025 Operating Budget for 01-10-110-550012 Election Expenses, in an amount not to exceed \$78,000 by the following roll-call vote:

MOVED: Hoffman	SECONDED: Williams	APPROVED 5-0
AYES:	Covington, Hoffman, Ramirez, Slawson, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

5. Topic List for Future Meetings

	Item requested	Date of request	Requester
A	Report on alternative energy sources (Agendize in August per Dan Jagers 2/27/25)	12/14/2022 and 2/12/2025	Ramirez

6. Announcements

President Slawson called attention to the following announcements:

- Finance & Audit Committee meeting: Thursday, May 1 at 3 p.m.
- Collaborative Agencies meeting: Wednesday, May 7 at 5 p.m.
- Regular Board Meeting: Wednesday, May 14 at 6 p.m.
- Personnel Committee: Tuesday, May 20 at 4:30 p.m.
- Engineering Workshop: Thursday, May 22 at 6 p.m.
- San Gorgonio Pass Regional Water Alliance: Wednesday, May 28 at 5 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Jun. 4 at 11 a.m.

7. Closed Session: 9:16 p.m.

President Slawson announced the following Closed Session items:

- a. CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: 1 case (letters from Beaumont Heights)
- b. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
to which the District is a party pursuant to Government Code Section 54956.9(d)(1): *Draper 26 LLC vs. Beaumont Cherry Valley Water District*, Riverside County Superior Court Case No. CVRI2406726

Reconvene in Open Session: 9:49 p.m.

8. Report on Action Taken During Closed Session

President Slawson stated that there was no reportable action taken.

9. Adjournment

President Slawson adjourned the meeting at 9:49 p.m.

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

ATTEST:

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