



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, December 13, 2017
7:00 p.m.**

Call to Order: President Slawson

President Slawson began the meeting at 7:30 p.m.

Pledge of Allegiance: President Slawson

President Slawson led the pledge.

Invocation: Director Covington

Director Covington gave the invocation.

Roll Call:

Directors present:	President Slawson Directors Covington, Diaz, Hoffman, Ramirez
Directors absent:	None.
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Senior Finance and Administrative Analyst William Clayton, Temporary Administrative Assistant Lynda Kerney
Legal counsel:	James Markman

Public Comment: None.

ACTION ITEMS

- 1. Adjustments to the Agenda:** None.
- 2. Reorganization of the Board of Directors**
 - Nomination and Election of the President

Director Ramirez nominated Director Covington.

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

- Nomination and Election of the Vice President

Director Covington nominated Director Ramirez.

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

- Nomination and Election of the District Treasurer

Director Ramirez nominated Director Hoffman.

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

- Nomination and Election of the District Secretary

Director Hoffman nominated Director Diaz.

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

- Appointment of the Personnel Committee: Covington and Ramirez

President Covington re-appointed Director Ramirez. Director Ramirez recommended President Covington continue to serve; Director Hoffman voiced support.

- Appointment of the Finance & Audit Committee: Hoffman and Diaz

President Covington re-appointed Directors Hoffman and Diaz.

- Appointment of the Recording Secretary

President Covington appointed the Director of Finance and Administration.

3. Consent Calendar:

The following Consent Calendar items were approved with one motion:

- October 2017 Budget Variance Report
- October 31, 2017 Cash/Investment Balance Report
- October 2017 Cash Flow Report
- November 2017 Check Register

- e. November 2017 Invoices Pending Approval
- f. Minutes of the Regular Meeting of November 8, 2017
- g. Annual Meeting Calendar

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

- 4. **Compensation Study prepared by Koff and Associates**
 - a. **Receive and File the 2017 Compensation Study**
 - b. **Consider Approval of the Recommended Implementation Plan**

Ms. Debbie Owen of Koff and Associates presented the consultants' report. She detailed the methodology of the study and discussed the results. If the Board accepts the report, Koff and Associates will deliver the final document to the District on Friday.

The study began in July 2017, Ms. Owen stated. BCVWD was compared with 10 other agencies, looking at jobs and benefits: base salary, retirement, deferred compensation, insurance, leaves, and auto allowance. Koff found that BCVWD base salaries are 24 percent below market median, but the District offers rich benefits, which balances the total compensation package at 12.4 percent below median. The District gains 11.7 percent when considering Cal PERS, Social Security, and District contributions to health insurance. BCVWD is less competitive in offering auto allowances for management, and offering administrative leave.

To bring the District in line with comparable agencies, Koff recommends a three-year implementation plan. To remain competitive, the District must continue to look at its salary and benefit structure and make adjustments.

Director Ramirez noted the Personnel Committee had gone over the report. Director Covington added that the Personnel Committee spent two to five months going over the study, and the report was understandable. He said he appreciated the recommendations. Ms. Owen noted that Director of Finance and Administrative Services Yolanda Rodriguez had been very responsive and a delight to work with.

There was no action taken.

- 5. **Consideration of Approval of the 2018 - 2021 BCVWD Employee Association Memorandum of Understanding**

Counsel Markman stated that the MOU was discussed earlier in closed session, and staff recommends approval of the MOU.

Director Diaz asked how the information will be presented to the employees after Board approval. General Manager Jagers said the final, signed copy will be distributed to all employees, including Exhibit B, the standby rates.

Director Diaz thanked the employees for their time, and moved *approval of the 2018-2021 Beaumont-Cherry Valley Water District Employee Association Memorandum of Understanding*.

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

Counsel Markman added that his office will return to the Board with a policy regarding substance abuse testing as an amendment to the District's Rules and Regulations.

President Covington noted it was great working with the employees for the three months in putting this together.

6. Review and Consider Adoption of the BCVWD Fiscal Year 2018 Operating Budget

Director of Finance and Administrative Services Yolanda Rodriguez presented an overview of the fiscal year 2018 operating budget. She advised the Board that the budget goals were: to use conservative revenue and expense estimates; to assure adequate water supplies for existing customers and anticipated growth; to implement salary adjustments based on the Koff and Associates Compensation Study; to reorganize staff titles and duties; to maintain balance sheet integrity; to complete and implement a revised capacity fee study, to continue to update the District's GIS system, and to have no debt.

The 2018 budget estimates total revenues of \$18.1 million and expenses of \$13.7 million, with a contribution of \$1.9 million to capital reserves. Ms. Rodriguez compared the figures to 2017. Director Ramirez asked about increases in water sales revenue. Ms. Rodriguez said higher use was expected due to the end of drought conditions. General Manager Jaggars added that lessening conservation and continued growth in the area are both expected to contribute to higher revenue. President Covington noted that in 2017, a \$2 million budget was adopted for facilities fees, but revenue was closer to \$11 million. Mr. Jaggars explained that Pardee was very active with development moving along.

Ms. Rodriguez continued, noting that in 2017, \$4.3 million had been budgeted for source of supply, but expenses will be \$6.5 million. In 2018, \$5.3 million has been budgeted. Staff is not anticipating a wet year. This figure also includes labor costs tied to the compensation study increase. Mr. Jaggars noted the cost of source of supply is an annual average needed to replenish groundwater so there is always an adequate amount in reserve. He projects it will increase over time.

Ms. Rodriguez discussed salary and benefits, as impacted by the compensation study. In 2017, the District expended \$3.1 million. Budgeted for 2018 is \$4.6 million, which includes six new full time positions. Director Diaz noted that increases in salary also result in increases in costs of fringe benefits. Ms. Rodriguez explained the organization chart. Director Ramirez questioned the

position of administrative assistant and whether more field staff would be appropriate instead. Mr. Jagers explained the need for office assistance. Director Ramirez advocated a conservative approach to staffing, even as the City is growing.

Director Diaz asked to whom the administrative assistant would report. General Manager Jagers explained the position would provide support to the GM and management pool, primarily working under the Director of Finance and Administrative Services. There has been a need, and this position was added to the organization chart in 2017. President Covington noted that his administrative assistant supports other departments and this position could lend support to all directors. He said he understands the concerns but this is not a Board issue.

Director of Finance and Administrative Services Yolanda Rodriguez explained that five positions will remain unfilled, including the Director of Engineering. She concluded her presentation acknowledging the budget challenges of FY 2018 – assuring adequate water supply, and increasing costs of health and retirement benefits.

The Board approved the BCVWD Fiscal Year 2018 Operating Budget.

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

7. Consideration of Change of Service Request from CJ Foods, Inc. for the existing building located at 415 Nicholas Road

Mr. Kyle Warsinski representing the City of Beaumont offered background on the project. The City has been working with CJ Foods for five to six years. This is an opportunity for 300 jobs and use of a building vacant since 2008-09. CJ Foods has made a sizeable investment in the City providing a clean industry and contributing to a diverse revenue base. Mr. Warsinski said the City hopes the Board chooses to approve the change of use.

President Covington asked if the jobs to be created were long-term, permanent positions. Mr. Warsinski replied they were; and the company will be running two shifts per day. Director Ramirez expressed concern that other cities have had issues with sauce production. Mr. Warsinski advised that the City has not looked at the processes. It has looked at utility use and noted that onsite sewage treatment will likely be required to lessen the impact on the City's plant.

Mr. Chan Kwak of Grace Partnership, representing CJ Foods gave some background about the company and noted this location will be food production and warehousing. He pointed out that the company has a dumpling factory in Orange County, and also operates a location in New Jersey. He expects the Beaumont location to open at the end of 2018. In response to Director Ramirez, he assured the Board that the company has had no issues with contaminants, and said CJ is large enough to meet all of the agencies' requirements.

Director Diaz commented that this is a large increase in use of water. Mr. Jagers agreed; this is significant, which is why it has come to the Board for approval. He noted that existing water facilities in the area were designed to support housing, much of which has shifted to warehousing which uses less water. He pointed out that the facilities fees are significant, allowing staff to look at capital improvements to support the activities, such as adding a well.

Director Ramirez asked General Manager Jagers if he had any reservations about the change. Mr. Jagers explained that demands are adjusting fundamentally. This is a big commitment, but he believes the District can handle it. He noted that the Pass Agency has a strategy for supply, and now just needs a strategy for funding that supply.

Director Slawson asked if there would also be retail at the site; Mr. Warsinski answered no, but the products can be found at Stater Bros. Mr. Kwak added they are also at Costco.

Director Covington noted that water demands increase from 180 to 536 acre-feet per year. Although facilities fees will be paid, this is a substantial amount of water, and he said he is concerned. He asked Mr. Jagers if that need could be met in 2022. Mr. Jagers reiterated that the Pass Agency has identified water supply, but must work on a strategy for funding. The project's total water use in 2022 is expected to be equivalent to 224 dwelling units (224 EDUs), or about 145 acre-feet.

Director Covington asked about fee payments totaling an estimated \$2.2 million. General Manager Jagers explained the Water Service Agreement would be amended to set up phased charges based on stages of development. There should also be a mechanism to monitor flow rates and make adjustments when necessary.

The Board approved the Change of Service Request from CJ Foods, Inc. for the existing building located at 415 Nicholas Road.

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

8. Consideration of Request for Extension of “Will Serve Letter” for Commercial Development Infill Parcel - Riverside County Assessor’s Parcel No. 419-267-075

Mr. Bart Hollander representing Rich Development advised the Board the project is called “Centerpoint.” The developer has been working on this for several years, and it is at a point where “all systems are go.” President Covington noted he remembers the project. Director Diaz asked about the change in use. Mr. Jagers noted that a retail building had been replaced by a drive-through restaurant. Staff believes the amount of water use will be similar.

The Board approved the Extension of the Will Serve Letter for the Commercial Development Infill Parcel at APN 419-267-075.

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

9. Resolution 2017-07: Amending the District’s Policies & Procedures Manual Pursuant to the Healthy Workplaces, Healthy Families Act of 2014 (AB 1522)

Director of Finance and Administrative Services Yolanda Rodriguez explained that the Sick Leave Policy was amended in 2015 pursuant to the HWHF Act, but the amendments had not carried over to Section 24. In addition, definitions were added to the HFHW Act to make it concise.

The Board approved Resolution 2017-07.

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

10. Resolution 2017-08: Amending the District’s Operations Policies and Procedures Manual Part III, Section 17: Purchasing

General Manager Jagers advised that the District’s auditors had suggested more focus on the purchasing policy. This was presented to the Finance and Audit Committee last week.

The original policy was limited, Mr. Jagers explained. This revision addresses the auditors’ comments, including an update to the vehicle purchase policy. It parallels the intent of the original policy, and clarifies levels of approval.

The Board approved Resolution 2017-08.

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

11. Resolution 2017-09: Establishing the District’s Investment Policy and rescinding Resolution 2017-02

General Manager Jagers explained this revision is also made at the recommendation of the District’s auditors.

At the beginning of 2017, the Board adopted the same Investment Policy as the prior year. Later in the year, the auditors made recommendations for revision of the policy. This revision was discussed at the Finance and Audit Committee.

Mr. Jagers described the recommended changes. This is a more robust investment policy, he stated. It provides more definition and parallels the standard practices from the California Municipal Treasurers Association. The intent is to update current standards.

Director Hoffman noted that the Finance and Audit Committee reviewed the policy and believes staff has made an effort to maximize return on investment on available funds, while minimizing risk. The District will participate in a group investment with other agencies, offering good returns and full safety with growth.

Director Diaz added that the Committee went over the policy piece by piece, and she feels comfortable with the flexibility and safety.

The Board approved Resolution 2017-09.

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

12. Reports For Discussion

a. Ad Hoc Committees: No report.

b. General Manager:

Mr. Jagers reported on progress with the safety and equipment project, and noted that the office is striving to improve customer service.

Director Diaz asked about site maintenance. General Manager Jagers explained that staff is working on improving the appearance of property. A draft landscaping plan will be discussed. In addition, there is a new field position to be filled.

c. Directors' Reports:

Director Hoffman:

Director Hoffman asked if the District is still working on Grand Avenue stormwater capture. Mr. Jagers said it is moving forward.

Director Ramirez:

Director Ramirez said he would like staff to research new capacity fees for developments and bring back findings.

President Covington:

President Covington said he loves the website, and requested the calendar be brought back and director contacts be added.

d. Legal Counsel Report: None.

13. Announcements

President Covington read the following announcements:

- District Offices will be closed Monday, December 25, 2017 in observance of Christmas Day.
- District Offices will be closed Monday, January 1, 2018 in observance of New Year's Day.
- Collaborative Agencies Committee meeting: January 3, 2018 at 5:00 p.m.
- Finance and Audit Committee meeting: January 4, 2018 at 3:00 p.m.
- Regular Board meeting: January 10, 2018 at 7:00 p.m.
- Personnel Committee meeting: January 22, 2018 at 5:30 p.m.
- Engineering Workshop: February 1, 2018 at 7:00 p.m.
- Beaumont Basin Watermaster meeting: February 7, 2018 at 10:00 a.m.

14. Action List for Future Meetings

- Proposition 1 Bond Opportunities
- Workshop – Discussion of California Water Code Section 350

President Covington suggested the Water Code item be removed from the Action List.

15. Recessed to Closed Session: 9:28 p.m.

- a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9

Name of case: San Gorgonio Pass Water Agency v.
Beaumont Basin Watermaster
Riverside County Superior Court No. RIC 1716346

Reconvene in Open Session: 9:35 p.m.

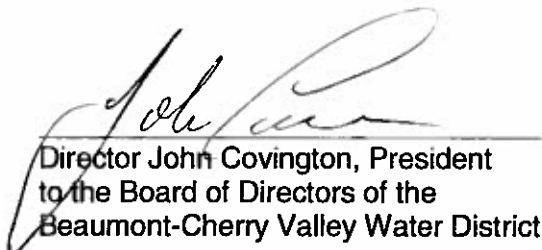
Report on Action Taken During Closed Session:

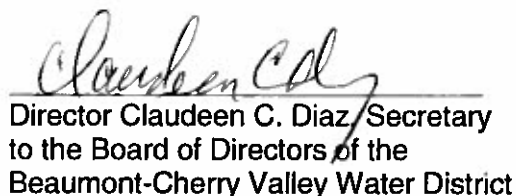
There was no reportable action taken.

16. Adjournment

President Covington adjourned the meeting at 9:35 p.m.

ATTEST:


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


Director Claudeen C. Diaz Secretary
to the Board of Directors of the
Beaumont-Cherry Valley Water District

