



**BEAUMONT-CHERRY VALLEY WATER DISTRICT  
MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS  
560 Magnolia Avenue, Beaumont, CA 92223  
Wednesday, November 8, 2017  
7:00 p.m.**

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**Call to Order: President Slawson**

President Slawson began the meeting at 7:04 p.m.

**Pledge of Allegiance: Director Hoffman**

Director Hoffman led the pledge.

**Invocation: President Slawson**

President Slawson gave the invocation.

**Roll Call:**

|                    |  |
|--------------------|--|
| Directors present: | President Slawson<br>Directors Covington, Diaz, Hoffman  |
| Directors absent:  | Ramirez  |
| Staff present:     | General Manager Dan Jagggers, Director of Finance and<br>Administrative Services Yolanda Rodriguez |
| Legal counsel:     | James Markman  |

**Public Comment:**

Ms. Pam Lindgren advised the Board of the talking points of the National Association of Realtors on the proposed tax reform. She requested those who are in opposition contact their local congressman.

**ACTION ITEMS**

**1. Adjustment to the Agenda**

Mr. Jagggers indicated there was supplemental information on item 6.

**2. Consent Calendar:**

The following Consent Calendar items were approved with one motion:

- a. September 2017 Budget Variance Report Review
- b. September 30, 2017 Cash/Investment Balance Report
- c. September 2017 Cash Flow Report
- d. October 2017 Check Register Review
- e. October 2017 Invoices Pending Approval
- f. Minutes of the Regular Meeting October 11, 2017

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

**3. Consideration of Audit Firm for Professional Auditing Services in an amount not to exceed \$68,100**

Director of Finance and Administration Yolanda Rodriguez explained that the five-year contract with Vavrinek, Trine, Day & Co., LLP (VTD) ended in 2016. Since best practices suggest auditing firms should be rotated for accountability and transparency, staff sent out a Request for Proposal and received 12 responses. The proposals were scored using a template from the American Institute of Certified Public Accountants. Although Rogers, Anderson, Malody and Scott, LLP (RAMS) was not the lowest price, staff recommends RAMS due to their reputation and experience.

Director Diaz asked about RAMS' experience with the water industry. Ms. Rodriguez indicated their proposal lists several water districts as clients, and they seem well-rounded. Their cost for the next three years is \$22,700 annually. The District has the option to extend for an additional two years at \$23,265, and \$23,845 respectively.

Director Hoffman asked about other respondents' bids. General Manager Jagers noted the two lowest were RAMS and one other from Orange County. RAMS is local to the inland empire. The other firm is new and seems to be growing robustly. RAMS seems more stable and has 40 years of experience in this area. For the slightly higher price, staff recommends RAMS. Director Hoffman pointed out the price difference between the high and low bids was \$5,000. He concurred that the experience and background of RAMS seem worth the investment.

Director Diaz asked about the extent of the audit. Ms. Rodriguez indicated that since this firm will be new and unfamiliar with the District, she expects an in-depth look at internal controls, processes and more to be sure all is in check.

Director Hoffman moved approval of the proposal from Rogers, Anderson, Malody and Scott, LLP for auditing services for FY 2018 - 2020.

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

**4. Selection of Consultant for the Engineering Services for the 2017 Water Pipeline Replacement Projects**

General Manager Dan Jagers reminded the Board of the presentation of the six proposals at last month's meeting. Staff recommends moving forward with a contract with Michael Baker International.

Director Diaz asked about negotiations. Mr. Jagers explained the base bid is \$172,815. The project scope is well defined; there are nuances, but contingency has been added. Details of the Scope of Work (SOW) are included in the Board packet.

Director Covington asked if the price covered design and all items in the SOW for all three pipeline projects; General Manager Jagers said they were. This may seem high, he said, but two of the projects are fairly complex because of location and existing obstacles. Staff believes it is a reasonable price.

Director Covington requested detail. Mr. Jagers noted that included is environmental, siting, project management, assuring district needs are satisfied, design, and all aspects of the work. Inspections and some staff work will be handled in-house. Director Covington asked about preliminary and final design. Mr. Jagers noted that final design (construction drawings) will be part of the contract documents.

Director Diaz asked about the project timeline; Director Covington noted it is six months. He moved approval of the contract with Michael Baker International.

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

**5. Selection of Consultant for the Engineering Services for the Noble Water Storage Tank No. 2 and Transmission Pipeline Project**

General Manager Dan Jagers explained two highest rated / lowest cost bids scored closely and were priced similarly. Michael Baker scored slightly higher, but was more expensive. Both were presented last month to the Board, and staff leaves this decision to the pleasure of the Board.

Mr. Jagers clarified this bid is for design phase services, not for construction. Staff would like to get the project moving forward, then address construction-phase services. Director Diaz asked about the timeline for Michael Baker. Mr. Jagers noted both bidders have the ability to do both projects and both are local; Temecula and San Jacinto.

Director Covington asked if these two months in the timeline will affect the District. Mr. Jagers indicated that the master plan projected the tank would be needed by 2020. Either timeline works for the District; the project is on schedule.

Director Hoffman moved approval of the lower bid of Cozad and Fox at \$193,000.

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

**6. Consideration of Request for Authorization for Repair Work for the Well 6 Pumping Unit and Authorization for the General Manager to execute a contract to complete the project**

General Manager Jagers explained this is a well facility rehabbed in the spring of 2015. Three weeks ago, field staff reported the motor was spinning free. The problem must now be investigated and Mr. Jagers recommends a holistic approach to cover all potential costs. The actual cost may be less.

Six bidders responded to the District's advertising. The two lowest bidders are familiar with the well, this knowledge likely reflected by their lower bids. In response to Director Diaz, Mr. Jagers noted that Southwest Pump & Drill had most recently worked on the well.

Director Diaz moved approval of the bid from Legend Pump & Well Service.

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

**7. Consideration of Request for an Extension of Annexation and "Will Serve Letter" for the Hidden Canyon II Development (located South of State Route 60/West of Potrero Road)**

General Manager Jagers explained this came before the Board a couple of years ago as an annexation and will serve letter for a parking lot south of the 60 freeway and west of the southerly projection of Potrero Road. Director Covington asked if the area had been annexed into the City of Beaumont. Mr. Jagers said it had not. A representative of the developer is present to answer any questions.

Director Covington noted the area seems isolated and moved approval of the extension of the Annexation and Will Serve Letter for APN 421-020-003.

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

**8. Consideration of an Update of "Will Serve Letter" for the proposed Country Club Village Development**

President Slawson recused himself and left the room at 7:26 p.m.

Director Covington introduced the item. General Manager Jagers noted there is a representative present for any questions. This property was annexed in the mid-2000s and came to the Board in 2014 to request a Will Serve Letter. The project is now moving forward with its first phase and an update is needed.

Director Hoffman requested and received clarification that this is a request for an extension and the District is already legally obligated. He then moved

approval of the update of the Will Serve Letter for the proposed Country Club Village development.

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

President Slawson rejoined the meeting at 7:29 p.m.

**9. 8<sup>th</sup> Street Water Service Lateral Replacement Project Reimbursement Agreement with the City of Beaumont and Approval of Not-to-Exceed Construction Cost**

General Manager Jagers reminded the Board this subject was broached in his general manager's report at the last Board meeting. In August, the City advised of street improvements going to bid. The District identified lines within the construction area and believes they will be adversely affected by the street reconstruction. The District met with the City, developed a construction package and cost estimate for the work and created a reimbursement agreement. Legal counsel has approved a contract which will piggyback the City's.

The City wants to bid the contract in the next few weeks. If there is a significant difference in cost it will be brought back to the Board, and actual costs will be reported back to the Board. Funds to participate in this project are requested from the Capital Improvement Budget.

Director Diaz moved approval of the Agreement with the City of Beaumont. Director Covington noted item 209 in the bid schedule and asked about replacement of the meter box. General Manager Jagers explained the cost of labor and of providing the box. A field walk was performed and it was determined that 18 meter boxes need replacement. The cost should be \$900 for the labor, the District will provide the box.

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

**10. Discussion of Regional Water Supply Portfolio and Funding Strategies for SGPWA Regional Needs and BCVWD Specific Needs**

General Manager Jagers explained the District has been discussing supply and demand opportunities, projections and the needs of the region, looking at the Urban Water Management Plan and the District's own needs as a large consumer of the water supply.

The San Gorgonio Pass Water Agency had a discussion on funding strategies and capacity fees at its regular Board meeting on Monday this week. It was a long meeting and much of the crowd left. Staff continues to discuss this important information. We are continuing to discuss it.

Mr. Jagers said the District is struggling with the SGPWA's update of the capacity fee and the many moving parts of the local water supply. Along with

the State Water Project, the California Water Fix, a large storage reservoir north of the Delta in which BCVWD and the SGPWA have invested, the nickel water lease from Antelope Valley, and the negotiation of an agreement with San Bernardino MWD to get surplus water at cost, the SGPWA is considering a host of other opportunities.

BCVWD struggles with how the capacity fee update might affect this District and whether it is reasonable. Mr. Jagers explained several components which need analysis. He created an outlook spreadsheet showing current anticipated water portfolio planning and how costs might be allocated across various funding mechanisms. A strategy is needed to accurately fund water supply in a way that is reasonable and effective to get the highest quality, lowest cost water.

Staff acquired and analyzed data on the State Water Project, the Sites Reservoir, and the twin tunnels project. Agencies are looking hard and trying to understand costs. There is a lot of variability.

Mr. Jagers shared a PowerPoint presentation regarding challenges and what must be understood to move forward. He noted the complexity of the issues and the projected cost of \$2,222 per acre-foot to bring water to the area. He said the SGPWA has identified some funding methods and drawn some conclusions. When the District is asked to participate in water deals, analysis is done to come up with the best, lowest cost solution. Currently, the stage is being set to start working collectively as a region. He said the District needs to leverage all the information to come to a real understanding.

District Counsel Markman noted that if the California Water Fix goes in, there will be additional costs. Mr. Markman predicted three to five years of environmental litigation once it passes, before anything is built.

Mr. Jagers presented some numbers based on staff's analysis of available information. There may be more supply coming available through the California Water Fix due to some agencies dropping out of the program. These are the current assumptions from larger agencies and are the best available data. He continued to explain funding sources and formulas for determining costs. The SGPWA listed some options such as increasing tax base, reserves, general fund, taxes, new standby charges, and creation of new improvement districts.

Mr. Jagers would like to see the region work together and become collectively educated with a sensible strategy, multiple funding sources identified and a holistic outlook and plan for future needs. The Pass Agency is BCVWD's wholesaler and they have many variable costs. They need to be working on this with all retail agencies and stakeholders. He indicated that BCVWD wants to be part of the solution and suggested a facilitator.

Director Hoffman referenced the Monday meeting at San Geronio Pass Water Agency. He thanked Dr. Ball and members of the SGPWA Board for attending tonight's meeting. At the Monday SGPWA meeting, a joint meeting or committee with directors of different districts was suggested to meet and review the various components to get an understanding. There seemed to be a consensus that they will entertain that, Director Hoffman reported. He said they also felt that if a water opportunity come along but another board thought it too expensive, SGPWA therefore did not have the authority to go ahead and purchase the water. Director Hoffman noted the meeting was challenging with

a seven-member board, all with good input. Progress was made at that meeting and tonight with this presentation but this is the tip of the iceberg, he said. There is much more to learn.

Director Covington pointed out that to some degree this is the same thing that was being talked about in 2011. Now, seven years down the road, there is still no draft solution. A consultant previously hired by SGWPA brought back some information which was mostly well received. BCVWD has been most vocal about methodology for the cost of water to be sure existing homeowners are not burdened. Absent participation from the City of Beaumont and SGPWA, Director Covington stated, BCVWD may hire its own consultant rather than waiting five years for a solution. He suggested reinstating the managers' meetings. Director Covington remarked that every year goes by and fees are not being collected yet houses are still being built.

General Manager Jagers added that when approached for water deals, there must be an understanding that makes sense and has value. To just pay the fee with a basis that does not accurately review and consider all funding sources is difficult to get behind. A baseline is needed.

Mr. Markman concurred with Director Covington and suggested that he and Mr. Pinkney, the city attorney and counsel for SGPWA, define a valid legal exaction fee that will stand up as reasonably proportionate to the impact of that particular house. That's the reason this must be understood. Staff must also define the breakpoint where more water supplies will be needed, because that is what can be charged as a water supply fee to developers. It is important to have a fee that will stand up when challenged.

President Slawson thanked the group for its work.

Mr. Jeff Chambers of Pardee Homes thanked General Manager Jagers for the information. He noted the Pass Agency is paying \$23 million for 17,000 acre feet of water and asked if it was a one time or recurring cost. Staff explained it is an annual cost which includes capital costs and transportation of water. Mr. Chambers stated that is a big number which exists whether there is new development or not. Existing water users would be paying for the increasing amount no matter what. Mr. Jagers explained it is paid through assessed land value across the entire sphere of influence of the SGPWA, sharing the burden. Mr. Chambers indicated desire to understand the numbers, and Mr. Jagers invited him to come to the office and view the spreadsheets. Mr. Chambers reported that Pardee has planned several thousand more homes in the area and as a major stakeholder in Beaumont and the City of Banning would welcome participation in meetings to discuss how this comes together.

## **11. Reports For Discussion**

- a. Ad Hoc Committees: No report.
- b. General Manager:

Mr. Jagers reported that the Pass Agency bid the Beaumont Avenue recharge facility project, rejected all bids and will re-bid the project. Mr. Jagers noted that BCVWD ponds are operating at 45 to 50 percent capacity and may have additional capacity of 26,000 to 30,000 AF per year. He suggested to the Pass Agency that BCVWD is very interested in moving forward with a hydraulic connection upgrade at the Noble

Creek connection. A letter was sent to SGPWA in August 2016 asking for the connection, and Mr. Jeff Davis, general manager at SGPWA recently said they are ready to move forward. Mr. Jagers will keep on it. The SGPWA project is now delayed six to nine months.

He updated the Board on the status of the recharge ponds.

President Slawson asked about the timeline for expansion of the connection. General Manager Jagers explained the process and said he hoped the rebid project does not truncate this project.

c. Directors' Reports:

Director Covington:

Director Covington reported that he and Director Hoffman attended a Beaumont General Plan Update Task Force meeting on October 8. The group reviewed some of the 700 community surveys and the consultant's conceptual plan and made suggestions. The group also talked about key policy issues.

The Personnel Committee met to continue work on the Association's MOU. Comments will be submitted to staff for compilation, then the General Manager and Director of Finance and Administrative Services will meet with the Association and present the redline. The full board will review it at the December 13 regular meeting. He anticipates a 10 p.m. meeting adjournment as there are many items to cover.

Director Covington reported on the Collaborative Agencies Committee meeting on November 1. Ms. Rodriguez provides administrative support. Discussed were paving work throughout the City and the agreement; the appointment of Mr. Jagers as general manager, school planning, and update on Bogart Park.

On November 6, the Personnel Committee met again and discussed the compensation survey. The consultant will be back to make a presentation. All agreed it is a great thing for the District and it should be done again prior to the expiration date of the next MOU.

Director Covington continued. Tonight's Personnel Committee meeting met first in closed session on the MOU then gave an update to the Association and staff present. At the December meeting the staff will be provided a copy of the compensation study for their perusal.

On November 21, the State Water Resources Control Board will have a public hearing to discuss the emergency drought regulations. The governor ended the drought in April, but some of the regulations continued. This meeting will discuss what regulations stay on the books and which expire on December 25.

Director Hoffman:

Director Hoffman noted that the phase 1 recharge facility looks nice and complimented staff. He thanked staff for extra work that has been done.

Director Diaz:

Director Diaz said she appreciated the meeting with the SGPWA as there was great information shared. She thanked the General Manager



for pursuing this issue, as it is important for this area and he does it with a positive attitude.

d. Legal Counsel Report: None.

## 12. Announcements

President Slawson read the following announcements:

- District Offices will be closed Thursday, November 23, 2017 in observance of Thanksgiving Day.
- Beaumont Basin Watermaster meeting: December 6, 2017 at 10:00 a.m.
- Finance and Audit Committee meeting: December 7, 2017 at 3:00 p.m.
- Engineering Workshop: December 7, 2017 at 7:00 p.m.
- Regular Board Meeting: December 13, 2017 at 7:00 p.m.
- Collaborative Agencies Committee meeting: January 3, 2018 at 5:00 p.m.

Director Diaz confirmed there is also a Personnel Committee meeting on December 13 at 5:30 p.m.

## 13. Action List for Future Meetings

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

## 14. Recessed to Closed Session: 8:55 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: 8:58 p.m.**

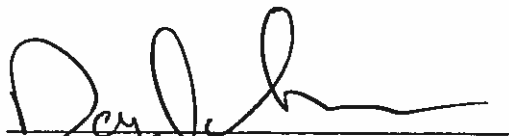
**Report on Action Taken During Closed Session:**

There was no reportable action taken.

## 15. Adjournment

*President Slawson adjourned the meeting at 8:59 p.m.*

Attest:



Director Daniel Slawson, 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