



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, March 14, 2018
7:00 p.m.**

Call to Order: President Covington

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

Pledge of Allegiance: Director Diaz

Director Diaz led the pledge.

Invocation: Director Ramirez

Director Ramirez gave the invocation.

Roll Call:

Directors present:	President Covington Directors Diaz, Hoffman, Ramirez
Directors absent:	Director Slawson
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Senior Finance and Administrative Analyst William Clayton; Staff: Tony Cove, Tony Lara, Alma Frausto, Lynda Kerney
Legal counsel:	James Markman

Members of the public who registered their attendance: Patsy Reely, David Dazlich

Public Comment: None.

ACTION ITEMS

1. Adjustments to the Agenda

Legal Counsel Markman drew attention to the revised Agenda and the need to add Item 10, as action must be taken at this meeting in order to meet the deadline prior to the next Regular Board Meeting.

It was moved by Director Hoffman and seconded by Director Diaz to add the following item to the March 14, 2018 agenda as Item 10:

Consideration of Regular Member, Western Area, for the Special District Member of the Local Agency Formation Commission (LAFCO) and Special District Member of the Countywide Redevelopment Oversight Board

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

President Covington noted that due to the absence of Director Slawson, Closed Session item C will be removed from the agenda.

2. Consent Calendar:

The following Consent Calendar items were approved with one motion:

- a. January 2018 Budget Variance Report
- b. January 31, 2018 Cash/Investment Balance Report
- c. January 2018 Cash Flow Report
- d. February 2018 Check Register
- e. February 2018 Invoices Pending Approval
- f. Minutes of the Regular Meeting of February 14, 2018

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

3. Consideration of Acceptance of Reimbursement from the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) Rate Stabilization Fund.

General Manager Jagers introduced Ms. Melody McDonald, member of the Association of California Water Agencies / Joint Powers Insurance Authority Executive Committee, who presented the District with a refund check in the amount of \$50,072.

The Board accepted the refund and thanked the ACWA/JPIA and the District employees.

4. PUBLIC HEARING: Consideration of Resolution 2018-04: Update of BCVWD Regulations Governing Water Service – Part 5 – Charges for water meter installation

President Covington introduced Resolution 2018-04 and declared the Public Hearing open at 7:15 p.m.

Director of Finance and Administrative Services Yolanda Ramirez gave the Secretary's Report: The Notice of Public Hearing was published in the Beaumont Record-Gazette on March 2 and March 9, 2018 and as of this evening, one written protest has been received, from the Riverside County Building Industry Association.

General Manager Jagers presented a PowerPoint and explained the increased meter installation charges. He noted the availability of detailed analyses and cost breakdowns for each of the proposed charges. Because the District is an enterprise district, and functions like a non-profit, costs of providing the service must be recovered; the District cannot subsidize new growth through water rates. Development must bear its own costs.

The most prevalent installation is the one-inch meter, as required for fire service. There are other meter sizes, mostly for commercial uses.

The bulk of the cost increase is in materials. Labor costs are not much; approximately \$50 per meter. Additional costs in non-tract meters include pavement repair, equipment and additional materials. Some charges are decreasing, as costs have been reduced. Other considerations are related to changes in California regulations, which have contributed to increased materials costs, such as non-lead based copper and brass.

President Covington called for Public Comments. Mr. David Dazlich, Deputy Director for Government Affairs from the Riverside County Building Industry Association, which represents single-family homebuilders and associated trades. He noted concerns with the rates at which the ¾ and 1 inch meters have increased as compared to commercial and industrial meters. The ¾ and 1 inch meters increased by 24 percent and 16 percent, respectively. While some increase is expected due to materials costs and inflation, the disparity between the residential and the commercial / industrial is concerning.

General Manager Jagers responded that much of the cost of the smaller meters are related to the components of the meters. The parts are competitively bid annually, and the current supplier is the lowest. These are the prices paid by the District.

Closure of the Public Hearing at 7:33 p.m.:

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

Director Ramirez asked for clarification on increases by percentage. GM Jagers explained non-tract costs are much higher due to significantly more work involved for installation. Director Ramirez noted that the increases seemed within reason when considering the cost of living increases. The District must be cognizant of not subsidizing installation. President Covington noted that he felt the District was catching up with costs with the adjustments in charges. Director Ramirez pointed out that the study resulted in a decrease in some charges, which indicates the integrity of the detail of the study.

Director Diaz asked about ¾ or 5/8 meters are being installed if fire regulations now require 1-inch meters; Mr. Jagers said those are primarily replacements of existing meters. All new homes must have fire sprinklers, which necessitate the 1-inch meter. Director Hoffman asked about other sizes; Mr. Jagers noted commercial or industrial are +/- 20 annually.

President Covington noted these charges apply to in-fill development also. Director Ramirez added he believes the rates are fair.

The Board adopted Resolution 2018-04 by the following vote:

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

5. Consideration of Destruction of Certain Obsolete Records in the District's Possession

General Manager Jagers explained that staff has inventoried records in storage, has reviewed the retention policy and created a list.

Ms. Kerney explained the District's storage issues and drew attention to the list of obsolete records. All are beyond their useful life and beyond the legal or recommended period of retention. Many will likely be scanned for electronic retention. Ms. Rodriguez emphasized that there is no more storage space. In response to Director Diaz, Ms. Rodriguez explained that the District would engage a shredding company that regularly deals with sensitive material.

Mr. Jagers added that the District will have control of the records up to the point of destruction, as the shredding company will destroy the documents on site in its mobile unit. Director Hoffman noted that proper destruction is important to assure security for sensitive documents.

The Board approved the destruction of listed documents:

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

6. Consideration of Award of Bid for the Purchase of three (3) fleet vehicles in the Amount of \$69,076.38

GM Jagers explained the bids and pointed out that with a \$1,500 rebate per vehicle for prompt payment, Downtown Ford in Sacramento is the lowest responsive bidder.

Director Hoffman noted that the cost of a new vehicle is a small amount but adds cost to all ratepayers of the District, new and old. President Covington asked about the delivery charge; Mr. Tony Lara noted the delivery charge is only applicable to Downtown Ford. Mr. Covington also asked about prior delays in delivery from Downtown Ford. Mr. Lara explained that the prior purchase was

made during a model changeover and resulted in a five-month delay in delivery. That is not the case this year.

In response to Director Diaz, Mr. Lara explained that the District's old vehicles will need to be declared surplus, then will be available to sell or auction. Director Hoffman asked about details of the bids; Mr. Lara said all dealerships were sent the same specifications for bid.

The Board approved the award of the bid to Downtown Ford:

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

7. Consideration of Request for Authorization to Call for Repair Work for Well 26 and for General Manager to enter into a Contract to Repair Well 26

General Manager Jagers informed the Board that a decline of 300 gallons per minute was identified at Well 26. Also noted were increased vibration levels. This well is part of the non-potable system and is used a lot. The pump was serviced not long ago, but the pump is expected to have a two- to three-year life.

Staff put together specifications and the job is advertised now, as Mr. Jagers would like to get the well repaired before summer. He explained the costs. Director Ramirez noted the potential not-to-exceed \$165,000 and that the well is co-owned with the City of Banning. Mr. Jagers detailed the amount of water used by BCVWD and just a small amount by Banning. The more used, the greater the responsibility, so BCVWD has the bulk of the costs. Director Diaz asked if not performing the part of the work was an option; Mr. Jagers explained the benefit of the work.

Director Ramirez asked about distribution of the costs to the ratepayers. Mr. Jagers indicated these costs would be borne by customers on the non-potable system, about 320 mostly commercial services.

President Covington indicated that staff does not need Board approval to solicit bids. He indicated he understands there is some urgency, but he believes a recommendation on the award of the bid should be brought to the Board at the next meeting, as the cost could be as high as \$165,000.

There was no vote.

8. Discussion: Noble Creek Recharge Facility: Security of Facility; SGPWA Correspondence

Mr. Jagers reported that security at the site continues to be a challenge. Rocks have been installed as barriers, but other agencies have installed chain link fencing around ponds. Director Hoffman noted some issues including vandalism. Money, labor and equipment has been invested to make it nice, he said, but it is not as nice as it used to be. He said he agrees with the concern and believes effort should be made to improve.

Director Diaz indicated concern about liability; General Manager Jagers and District Counsel Markman acknowledged the concern. Director Ramirez suggested exploring how to secure the area while allowing some access. President Covington agreed that action is needed and requested options come back to the Board, including options with some opportunity for the public to enjoy the facilities.

Mr. Jagers suggested posting notices on the website and adding a note in bills to alert the public that additional security is being considered. He will bring back options and costs at an Engineering Workshop.

Director Diaz stated that the specific purpose of the area is a recharge facility and no one else should be on the property. Director Ramirez also emphasized appearance of the area.

GM Jagers noted challenges with the recharge facility as a component of a regional effort operating in conjunction with other facilities that are beyond the control of BCWWD. When poor quality water is received, it adversely affects the filter interface: the ground surface. In the fall of 2016, a hydraulic slowdown was experienced – all percolation ponds were filled. At the same time, there was a drawdown at the Crafton Reservoir, which loosened debris, which adversely impacted the YVWD plant, and BCWWD saw its percolation rates slow. The same scenario was noticed a few weeks ago and the same correlation of percolation slowing was experienced. Staff sent a letter to the Pass Agency indicating proactive steps to monitor levels and notify them of concerns – it is about a \$10,000 maintenance cycle to address the problem when it happens.

Mr. Jagers added staff is trying to maintain a positive relationship with the San Gorgonio Pass Water Agency. He advised that the SGPWA authorized their GM to award the construction of their recharge facilities adjacent to BCWWD's. Jagers met with the SGPWA GM, Jeff Davis, to share information on the effects of their recharge facility on BCWWD's. The intent is to provide solutions with minimum friction, while documenting issues.

President Covington drew attention to the letter. He asked about monitoring the reservoir levels; Mr. Jagers advised that levels are broadcast and IT has working on picking up that data automatically.

9. Discussion: San Gorgonio Pass Water Agency Potential Rate Increases

General Manager Jagers explained that he and President Covington attended the SGPWA's public hearing on water rates on March 1. The SGPWA has hired a consultant and is beginning to look at the potential of increasing rates. Much of this may be necessitated by the need to fund recent water deals, including the Nickel Water deal.

Staff has begun to look at how these rates might increase BCWWD's pass-through fee, Jagers said, and rates could increase 50 percent or more. He said he believes that older housing units would be disproportionately paying for the need for new water, as newer homes use substantially less water (older homes are less efficient).

Director Ramirez asked about the Nickel Water deal and current water costs; Mr. Jagers noted that the Pass Agency pays about \$2,300 per acre-foot for its current entitlement for Table A water. In order to give staff additional time to analyze the subject, he suggested moving the Engineering Workshop later.

President Covington added that he hoped the consultant would have brought forth components to consider, as it is extremely complex. Director Ramirez added that the burden to educate the ratepayers will now be on the District, which is an added cost. Director Diaz asked if BCVWD would have input when the solution is proposed; Mr. Jagers explained some funding components.

10. Consideration of Regular Member, Western Area, for the Special District Member of the Local Agency Formation Commission (LAFCO) and Special District Member of the Countywide Redevelopment Oversight Board

President Covington introduced the item and explained the voting. Legal Counsel Markman confirmed the authorization for Director Hoffman to participate in the vote.

It was moved by Director Diaz and seconded by Director Ramirez to rank the three candidates for the Special District Member of the Local Agency Formation Commission (LAFCO) as follows:

1. *David Hoffman*
2. *Angel Garcia*
3. *Phil Williams*

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

It was moved by President Covington and seconded by Director Ramirez to cast the District's vote for Russ Martin for Special District Member of the Countywide Redevelopment Oversight Board

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

11. Reports For Discussion

- a. *Ad Hoc Committees: The Bogart Park Ad Hoc Committee has not yet met.*
- b. *General Manager:*

Mr. Jagers reported the District has been working to improve the front office customer service; the staff began today to attend nine hours of training. On Jan. 10, the Board approved the 8th Street Water Lateral Replacement program. Jagers showed photos of the project's progress. He described the District's alternative solution and its significant savings.

He noted that the Noble Creek facilities are shut down to restore capacity. Projects moving forward are the rehabilitation of wells, and a potential program with Southern California Edison to partner on efficiency of pumps.

c. Directors' Reports:

Director Hoffman asked about a curb installed; Director of Operations Tony Lara responded it was to help dry out the ponds for maintenance. Director Hoffman advised that the Finance and Audit Committee met and noted adjustments on investments that returned much higher interest rates than in the past; interest income is ahead of schedule.

Mr. Jagers added that the intent of the District will be to buy all available water at the current rate to get it in the ground before the rate increases, so BCVWD customers enjoy the highest quality water at the best rate.

President Covington indicated he attended the SGPWA meeting on March 1 and the City of Beaumont City Council on March 6. The City tabled the negative declaration for the wastewater treatment plant (WWTP) and the brine line until the 20th due to some pending issues with AB52. The City awarded an engineering and construction management contract for the WWTP to MWH Contractors for plant expansion. Mr. Covington also noted the attendees of the Collaborative Agencies Committee.

d. Legal Counsel Report:

Mr. Markman noted that Governor Brown signed a bill that retroactively exempts public agencies from paying the added \$75 recording fee.

12. Announcements

President Covington read the following announcements:

- Personnel Committee meeting: March 26, 2018 at 5:30 p.m.
- Beaumont Basin Watermaster meeting: March 28, 2018 at 10:00 a.m.
- Finance and Audit Committee meeting: April 5, 2018 at 3:00 p.m.
- Engineering Workshop: April 18, 2018 at 7:00 p.m.
The Board determined the date of the Engineering Workshop should change from April 5 to April 18.
- Regular Board meeting: April 11, 2018 at 7:00 p.m.
- Collaborative Agencies Committee meeting: May 2, 2018 at 5:00 p.m.

13. Action List for Future Meetings

- Proposition 1 Bond Opportunities

14. Recessed to Closed Session: 9:00 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

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

Name of case: Charles Peters dba Pioneer Mobile Village
vs. Beaumont-Cherry Valley Water District, Riverside
County Superior Court No. RIC 1707116

- c. *Item (C) was removed from the Agenda per President
Covington.*

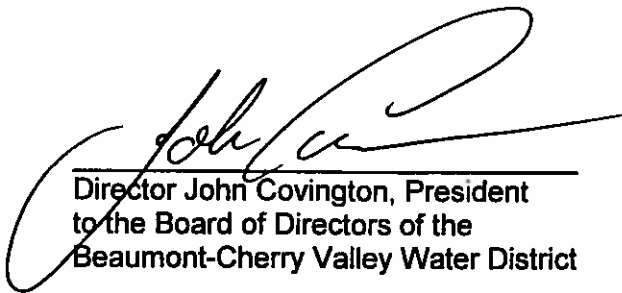
Reconvene in Open Session: 9:05 p.m.

Report on Action Taken During Closed Session:

There was no reportable action taken.

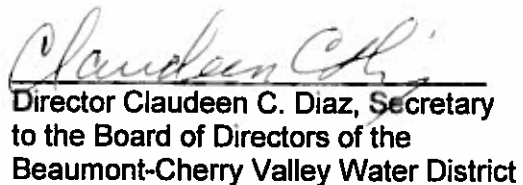
15. Adjournment

President Covington adjourned the meeting at 9:06 p.m.



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

ATTEST:



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