



**BEAUMONT-CHERRY VALLEY WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
560 Magnolia Avenue, Beaumont, CA 92223  
Wednesday, October 10, 2018 at 6:00 p.m.**

---

**Call to Order: President Covington**

*President Covington began the meeting at 6:05 p.m.*

**Pledge of Allegiance: Director Williams**

*Director Williams led the pledge.*

**Invocation: Vice President Ramirez**

*Vice President Ramirez gave the invocation.*

**Roll Call:**

|                    |   |
|--------------------|---|
| Directors present: | President Covington<br>Directors Hoffman, Ramirez, Slawson, Williams  |
| Directors absent:  | None.   |
| Staff present:     | General Manager Dan Jaggars, Finance and<br>Administrative Analyst Bill Clayton, Senior Engineer<br>Mark Swanson; Assistant Director of Operations James<br>Bean, Administrative Assistant Erica Gonzales |
| Legal counsel:     | James Markman (6:12 p.m.)   |

Members of the public who registered their attendance: Barbara H. Brown, Fran Flanders, Lloyd White, Ron Duncan, Dr. Blair Ball and Patsy Reeley.

**Public Comment:** None.

**ACTION ITEMS**

**1. Adjustments to the Agenda:**

General Manager Jaggars informed the Board that the staff report for Item 7, Well 22, was reissued for clarification.

**2. Consent Calendar:**

President Covington pulled Item e, the September 12, 2018 minutes, for a separate vote since he was not present for the meeting.

The following Consent Calendar items were approved with one motion:

- a. August 2018 Budget Variance Report
- b. August 30, 2018 Cash/Investment Balance Report
- c. September 2018 Check Register
- d. September 2018 Invoices Pending Approval

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

The Board approved the Minutes of the Regular Meeting of September 12, 2018 by the following vote:

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

### 3. Review and Consideration of Adjustment of Director Per Diem Fees

General Manager Jagers explained that policy states this should be addressed annually. The last per diem adjustment was in 2007, and the last review (no adjustment) was in 2013. If the Board wishes to adjust the per diem this allows any change to be budgeted for 2019.

Director Hoffman noted there have been no changes for quite some time, but he did not necessarily favor a change.

Beaumont City Council Member Lloyd White asked about how the per diem works. Directors explained the per diem is \$200 per day with a maximum of 10 meetings per month. Council Member White advised that he receives \$400 per month, or \$230 per month after taxes, for his service. He suggested the Board's per diem should be decreased.

President Covington stated that no Board members come close to 10 meetings per month. Two Board meetings per month, plus two to three hours of preparation time, exceed any time compensated. Covington said he wanted the public to understand there is much uncompensated work behind the scenes.

BCVWD policy states that Board per diems will be reviewed every October, Covington said. He believes it should be reviewed every October to let the Board make a decision, even if only a cost of living increase is considered.

Vice President Ramirez thanked Council Member White and other Council and Board members for their hard work, extra hours and meetings.

There was no further discussion. The per diem remains at \$200 per day of service.

**4. Resolution 2018-13: Consideration of Proposed Changes to the District's Conflict of Interest Code**

General Manager Jagers explained the continuation of the process to add two new positions that require certain reporting. The comment period has expired, and the Board should now consider adoption of the resolution.

Director Ramirez clarified there is no fiscal impact. Director Hoffman asked about the disclosure categories. Mr. Markman explained.

*The Board adopted Resolution 2018-13 by the following vote:*

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

**5. Consideration of Attendance at the Association of California Water Agencies annual Fall Conference in San Diego, Nov. 27 – 30, 2018**

Mr. Jagers reminded the Board that this was tabled at the October 2, 2018 Special Meeting. Director Williams had indicated interest in attending the conference.

President Covington noted the online registration deadline is Nov. 9. Beaumont City Council Member Lloyd White advised that the City Council attends the League of Cities conference every year and finds it very valuable.

Director Williams confirmed her interest, and Director Ramirez indicated he is only able to attend on Friday.

*The Board approved the attendance of Directors Williams and Ramirez at the Association of California Water Agencies annual Fall Conference in San Diego, Nov. 27 – 30, 2018 by the following vote:*

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

**6. Consideration of Application for Water Service for Riverside County Assessor's Parcel No. 401-100-009 at 39101 Eucalyptus Lane in the Community of Cherry Valley**

Mr. Jagers explained this is a request to add an additional water service to a parcel with existing service. The applicants intend to build a second home. Legal Counsel advised that if the building is under a certain size and considered an accessory building, the District cannot charge additional fees. Staff reviewed

the law and analyzed the application. The proposed structure does fall under the policy requiring a second meter and payment of facilities fees.

*The Board approved the application for Water Service for Riverside County Assessor's Parcel No. 401-100-009 at 39101 Eucalyptus Lane in the Community of Cherry Valley by the following vote:*

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

**7. Consideration and Approval of Necessary Repair and Improvement Work for Well 22 and Related Facilities**

President Covington reminded the Board members and audience that there is a revised staff report. General Manager Jagers reminded the Board that costs and work were presented in a PowerPoint at the October 2 meeting. This is to clarify for the record the approval of the work.

The current contract with Legend Well and Pump Services, Inc. will be amended. This authorizes the additional work as outlined in the staff report, for a not-to-exceed amount of \$164,433.83.

The additional work discussed including landscape in the amount of \$53,225.70 is also outlined in the staff report, Jagers said. Vice President Ramirez asked for clarification. President Covington explained some of the work and the need to clarify the previous Board action.

Vice President Ramirez asked about previous work with Legend Well and Pump Services and any history of change orders. Mr. Jagers noted Legend has been the low bidder on the District's last four projects and work has come in within contingency. Staff feels the experience with Legend has been reasonable and cost effective.

*The Board authorized an amendment to the contract with Legend Well & Pump Services, Inc., previously approved on July 26, 2018 for a total contract amount of \$164,433.83, and fund expenditures for necessary repair and improvements for Well 22 and related facilities in the amount of \$53,225.70 for a total project budget of \$217,659.53 by the following vote:*

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

## **8. Discussion Regarding the Draft 2018 San Geronio Pass Water Agency Imported Water Rates**

General Manager Jagers presented a PowerPoint and refreshed the Board members about the discussion at the October 2 Special Meeting. The SGPWA is moving forward with a number of rate options. The preliminary rate model was presented at a SGPWA workshop on September 13. There is a managers meeting tomorrow at the SGPWA to discuss these items. Mr. Jagers emphasized the importance of understanding how this works. He advised that the current budget for water purchases is \$2.8 million annually. If the SGPWA rate increases, it could mean a substantial increase in the District's costs, up to \$9 million.

Mr. Jagers presented some history and explained the recharge activities in the adjudicated Beaumont Basin.

He updated the Board on the plans for the Noble Creek turnout enlargement. A decision will be made with SGPWA on an actual construction date based on shutdown.

Mr. Jagers presented an overview of the amount of recharge through 2018, totaling 149,948 acre-feet inclusive of participating agencies. The rates seem to have supported the recharge activity, he indicated, and he explained the distribution of water received by agency. President Covington asked whether the Yucaipa Valley Water District's share goes directly to the filtration plant; Mr. Jagers answered that it does.

Director Hoffman asked about the 10,623 acre-feet of State Water Project water imported by the SGPWA, which was not recharged into the Beaumont Basin. Mr. Jagers explained it was recharged above the adjudicated basin boundary, but it appears the water was accounted for in the model for the Watermaster. Some or all of it came in as underflow, and pushed into the basin, he surmised. The true hydrogeological boundary may be different than the adjudicated boundary, Jagers said. What was not consumed by the overlies would have been redistributed to the appropriators (the water retailers).

Mr. Jagers reiterated that he believes this increased the safe yield by about 1,000 acre-feet. President Covington added that every drop of water recharged is showing the benefits today; this is just an accounting issue.

Mr. Jagers pointed out that BCWVD has encumbered \$24,230,000 for imported water over the last decade. President Covington clarified this is a pass-through cost. Mr. Jagers answered that the pass-through charge is stable so ratepayers are not surprised by sudden increases. Analysis shows that collection is currently a bit short, and a rate study will be needed to adjust it, Jagers added. The BCWVD rates expired in 2015, and staff will be bringing forward an RFP for a rate study per Board direction. In response to President Covington, Mr. Jagers responded that the RFP is prepared and almost ready to come to the Board.

Mr. Jagers continued. The 2017 Nickel Water purchase consumed a payment overage paid by the districts. The SGPWA initial model showed a three-year recovery of \$1.7 million which creates a condition where there is a lot of water to sell, but the replenishment need is less than what is available for sale. Recovery over a compressed period results in someone paying a premium to buy that water.



Mr. Jagers said he has suggested a longer recovery period, and the actual need projected (with recycled water available around 2020) to decline by 1,200 acre feet. He explained the upcoming water orders and noted there are discussions about potentially putting the cost of the Nickel Water in a capacity fee.

He explained the need for water in context of the Sites Reservoir and California Water Fix. A funding strategy is needed. BCVWD has actually bought water forward for security for a few years. He reiterated that if the SGPWA rate is at \$317 per acre-foot, the cost of BCWVD's water order is \$5.07 million, but if the rate increases to \$610 that totals \$9.76 million – a potential difference of \$4.7 million. This could mean a substantial cost increase to existing ratepayers. Another consideration is paying \$22 million on the tax side to fund the future water supply opportunity for the community. A large rate increase beyond the control of the District over a span of a couple of years makes conjunctive use more challenging as it dwindles the District's reserve.

Mr. Jagers pointed out the need for partnership for the benefit of the community.

Jagers offered the option of drawing from storage to offset while adjusting rates. President Covington observed that water from northern California would continue to become more expensive; and at \$610 per acre-foot, BCWVD does not have a funding mechanism for that amount of water purchase for 2019. By the time a Prop. 218 adjustment might be approved, it would be late 2019, so the District is already four years in arrears. For the District to purchase a large amount of water at double the cost without a funding mechanism, is not the best opportunity, Covington stated.

Vice President Ramirez asked about the potential for added ad valorem tax. Mr. Jagers noted that tax is to pay for the debt service on the State Water Project, so is not available for the District. He said it would likely be difficult to get a new tax passed, however a capacity fee may be an option.

Mr. Jagers advised that the managers have increased meetings to twice a week to step up efforts to confront the issues.

Director Williams asked about the amount of water currently in storage. Mr. Jagers stated that at the end of 2017, the District had 32,500 acre feet. He believes the District will be at 36,000 AF at the end of this year.

Vice President Ramirez pointed out that the need for more water is due to new housing. He suggested focusing more efforts on capacity fees being passed on to the new housing, rather than spread to customers who have already been paying. He indicated he favors Mr. Jagers' idea of reducing the imported water order, especially with the recharge basins, use of wells, recycled water and stormwater capture. The City creates CFDs for new housing, that concept must transfer over to the water district as an option on the table.

President Covington added that the SGPWA has not adopted a capacity fee but they are redrafting it. This would come in at about the same time the water rate study is done. He agreed that a portion of the burden must be paid by the people building the homes, not by those living here.

President Covington asked about potential purchase of other agencies' surplus water. Mr. Jagers said he reached out to South Mesa and Banning. Both have considered selling some water.

Director Hoffman offered a 2019 rough cost per month per dwelling unit based on 17,500 current services of \$25.27 for the replenishment cost at \$610 per AF. With additional water, it could be as high as \$46.47 if the burden is shared equally. He said he believes however, that the larger burden should be on the newer units. Mr. Jagers noted that the District collects a new water fee, which is not currently correct and must be revised. He pointed out the constraints on the SWP. The region paid for 17,300 AF of supply through taxes but that has been diminished to 10,380 over time due to a number of things including environmental judgments. He advocated a more equitable burden. Jagers also pointed out the potential for the Sites Reservoir to be funded by tax base. Longtime homeowners pay a lesser tax base than buyers of new homes, which add more due to assessed value.

The ultimate solution would be a water portfolio strategy that is holistic and complete and can be defended in court, Jagers said.

Director Slawson opined that new homes have always paid their fair share of capacity fees. He said he would be in favor of any fees that are fair. Developers have always come to the community to build homes and they pay for schools and infrastructure and help the community by increasing property value, which helps buy more water.

## **9. Reports For Discussion**

### **a. Ad Hoc Committees:**

**Bogart Park Ad Hoc Committee:** Director Hoffman said the Committee is awaiting a response from the County regarding the transfer of the lease. Mr. Jagers added that the County and the Beaumont-Cherry Valley Recreation and Parks District have determined the County wants to be out in three years and they would like to assign the lease and allow them to work with BCVWD. This has not yet been resolved in enough detail to report.

Director Hoffman also pointed out that maintenance of roads must be determined. Director Ramirez noted there is good spirit on the committee, and a resolution is developing. The road maintenance could come with assistance of Cal Fire.

**Ad Hoc Committee on Water Re-Use:** Director Slawson indicated there are many questions about fees. There is also discussion about revisiting conservation efforts.

### **b. General Manager:**

Mr. Jagers updated the Board on the grant writing RFP and preparation of an RFP for the public relations activities. Staff has done one press release this month and there are two in draft.

He advised that the Ad Hoc Committee on Recycled Water is considering potential meeting dates and polled Directors Hoffman and Slawson: October

15 was determined. Mr. Jaggars noted that the City's Public Works Director recently left but there has been some activity in partnership with the District including a timeline and booster station. Staff has also drafted an MOU.

Mr. Jaggars also reported the District is considering hiring a PR firm to assist with positioning for a Prop. 218 study as well as other work. He presented some options to get the District's message out: Google targeting of a press release, and an agenda item of things of interest to the Board for dialogue. President Covington said monthly highlights of the agenda items would be appropriate.

General Manager Jaggars advised that 20 cfs is being delivered at the recharge facilities. Phase 1 has no water, Phase 2 is using ponds 3 and 4 (30 to 35 percent of capacity). He reiterated the addition of chemicals upstream, which has had a positive impact on the BCVWD facility. Recharge was 1,145 AF in September at Noble Creek. Production was 1,368 AF out of Beaumont Basin wells and 114 AF from the canyon wells. He said he expects the RFPs for wells 10 and 18 to come to the Board in the near future.

Vice President Ramirez requested director comments to be included in press releases. He advocated providing press releases to the Press Enterprise and the Record Gazette. Mr. Jaggars indicated a release was sent last month to both papers announcing the appointment of Director Williams. He emphasized there is much activity at the District.

c. Directors' Reports:

Director Slawson said he attended a western regional flood conference. Jason Uhley from Riverside County Flood Control gave a presentation regarding capturing flood flows to recharge the basins. This is a new concept, he said, and named the project with BCVWD as something that can work for the benefit of all.

Director Hoffman noted the cash balance and investment report shows interest this year to date is around \$628,000; substantially higher than in previous years.

d. Legal Counsel Report: None.

## 10. Announcements

*President Covington read the following announcements:*

- Bogart Park Ad Hoc Committee meeting: October 15, 2018 at 5:45 p.m.
- Engineering Workshop: October 25, 2018 at 6:00 p.m.
- Finance and Audit Committee meeting: November 1, 2018 at 3:00 p.m.
- Collaborative Agencies Committee meeting: November 7, 2018 at 5:00 p.m. (*Location: Beaumont-Cherry Valley Recreation and Park District – Noble Creek Community Center, 390 W. Oak Valley Pkwy*)
- District Offices will be closed on Monday, November 12 in observance of Veteran's Day
- Regular Board meeting: November 14, 2018 at 6:00 p.m.
- Engineering Workshop: No Workshop in November due to Thanksgiving
- District Offices will be closed on Thursday, November 22 in observance of Thanksgiving Day
- Personnel Committee meeting: November 26, 2018 at 5:30 p.m.

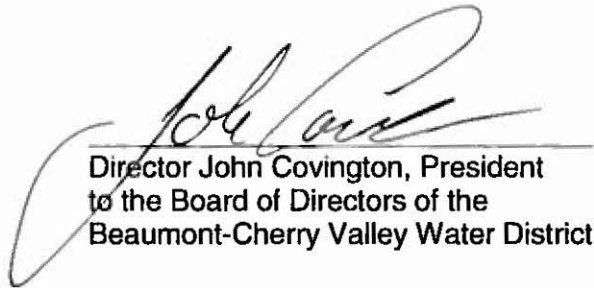


- ACWA Fall Conference: November 27 – 30
- Beaumont Basin Watermaster Committee: December 5, 2018 at 10 a.m.

**11. Action List for Future Meetings**

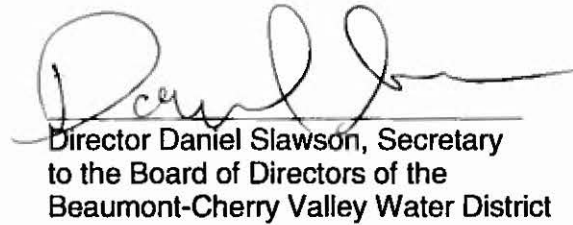
- Proposition 1 Bond Opportunities
- Proposition 68
- Water supply for BCVWD and the region

**12. Adjournment: 7:50 p.m.**



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

ATTEST:



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