



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, November 14, 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 Slawson

Director Slawson led the pledge.

Invocation: Director Hoffman

Director Hoffman gave the invocation.

Roll Call:

Directors present:	President Covington Directors Hoffman, Slawson, Williams
Directors absent:	Director Ramirez
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Senior Engineer Mark Swanson; Assistant Director of Operations James Bean, Senior Finance and Administrative Analyst William Clayton, Administrative Assistant Erica Gonzales
Legal counsel:	James Markman

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

Public Comment: None.

ACTION ITEMS

1. Adjustments to the Agenda: None.

2. Consent Calendar:

Director Slawson requested to pull item H as he was not present for the meeting.

The following Consent Calendar items were approved with one motion:

- a. September 2018 Budget Variance Report
- b. Quarterly Statement of Cash Flows for September 2018

- c. September 30, 2018 Cash/Investment Balance Report
- d. October 2018 Check Register
- e. October 2018 Invoices Pending Approval
- f. Minutes of the Special Meeting of October 2, 2018
- g. Minutes of the Regular Meeting of October 10, 2018

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

The Board approved the Minutes of the Engineering Workshop of October 25, 2018 by the following vote:

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

3. Consideration and Approval of a Third Amendment to, and Assignment of the Bogart Park Lease and Operating Agreement between Riverside County and BCVWD from Riverside County to Beaumont-Cherry Valley Recreation and Park District (BCVRPD); and Consideration of Lease and Operating Agreement between Riverside County Regional Park and Open Space District and BCVRPD

General Manager Jagers explained the background. This is an assignment of an existing lease of Bogart Park land between BCVWD and Riverside County to the Beaumont-Cherry Valley Recreation and Parks District. As part of this work, the County is moving forward to transition their operation of Bogart Park from the County Park and Open Space District to the BCVRPD in an attempt to provide local control over the facility.

The current 99-year lease between BCVWD and the County began in 1931 and expires in 2030. The intent is to transition the operation of Bogart Park over a three year period to the BCVRPD. This includes some milestones that will provide for the transfer of approximately eighty acres of County-owned land to the BCVRPD, as well as transition of facilities that have been constructed for use and operation of that facility. Many of the park improvements reside on 230 acres of land owned by BCVWD and leased by Riverside County.

The three-year transition period allows BCVRPD to formulate a plan for improvements and funding strategy. The intent is to later work with BCVWD to negotiate a new, extended-term lease. The Bogart Park Ad Hoc Committee will continue to work on the transition.

The first component of the item for Board approval is to effect the transition of the operating lease to the BCVRPD and assignment of BCVWD's lease with the County to the BCVRPD. In addition, BCVWD has requested an amendment to

modernize the indemnification. This has been composed by BCVWD's legal counsel.

District Counsel James Markman explained that the indemnities and insurance are the same as were adopted by the County and will go forward as a lease amendment. The District is in the same protected position as the County.

Mr. Jaggars explained the termination clause. The County has indicated its intent to maintain any facilities on BCVWD property if the lease does revert to the County.

Mr. Jaggars asked for verification from the Board of its desire to move forward and if so, to approve the form and execute the lease assignment agreement.

President Covington indicated that after his review of the attached lease and operating agreement, he notes the Water District is not a signatory to the document because it is between RCRPOSD and BCVRPD for the County owned land and BCVWD has no obligations under it. He asked for some clarification; Counsel Markman responded. The District's position does not change in the current Lease and Operating Agreement between the County and BCVWD once it is assigned to BCVRPD; the only question is as to which entity is the tenant.

President Covington pointed out that there is robust language indicating the assignment is irrevocable. Mr. Jaggars noted this makes the RPD responsible and if the RPD wants to terminate, the BCVRPD terminate the original lease or renegotiate with the BCVWD.

President Covington noted that Ms. Erin Gettis is present, representing Riverside County.

Director Slawson pointed out this is accomplishing what the Board wanted as far as staying in local hands. Director Hoffman noted that the Ad Hoc Committee discussed that the District will identify the location of its facilities and make sure that those are accessible and protected, as well as future facilities. The County has indicated that it is no longer interested in maintaining the Bogart Park facilities, so if it did not go to the RPD, in time, something would need to be done.

Director Hoffman pointed out the BCVWD receives no funds in consideration for the lease. No property taxes are paid on the land, so there are no expenses to the BCVWD. He added that the County will assist the RPD with some funding during the transition.

The Board authorized the assignment of the Bogart Park lease to the Beaumont-Cherry Valley Recreation and Park District and approved execution of the Assignment and Assumption Agreement of the current Lease and Operating Agreement between Riverside County and BCVWD to the Beaumont-Cherry Valley Recreation and Park District with the Third Amendment to the Lease by the following vote:

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

4. Review and Consideration of the East Branch Extension Noble Creek Turnout Upgrade Bid Results and Authorization to Proceed

General Manager Jagers noted that bids came back approximately \$100,000 higher than his estimate presented at the October 25, 2018 Engineering Workshop.

Mr. Jagers said the General Manager of the San Geronio Pass Water Agency (SGPWA) indicated that in discussions with bidders, he discovered costs are inflated by tremendous uncertainty in material prices that is being caused by the tariffs coming out of the port.

In comparing costs of other similar projects, Mr. Jagers expected a bid in the low \$300,000 range, however, the total bid with contingencies is \$580,404.

Mr. Jagers questioned whether the bid was the actual cost, or if it had been inflated due to the uncertainty. He noted the potential for some cost-saving measures including re-use of some materials.

Jagers pointed out that in meetings with the City, and discussions with developers, the general suggestion is that the economy is pulling off from house sales activity. The City of Beaumont just projected the beginning of a decline in growth. If the market cools off and construction becomes more competitive, there may be opportunity to obtain a better price. However, Jagers said, it has taken years to get to this point and he would hate to delay further.

Director Hoffman noted the enlargement from 22 to 34 feet appears to be about a 70 percent increase in volume. The Board does not know when the SGPWA's new water rate may go into effect but the work must still be accomplished at some time in the future. Some cost could be recovered if a larger volume of water were brought in at the old rate.

Hoffman added that he also believes building is slowing all over and will be more pronounced in the Beaumont area as housing here is more affordable. He asked about available funds and project time; Mr. Jagers explained the bulk of the cost would be covered by facilities fees as this project is to satisfy opportunity for new growth. It is expected to be a four month process followed by one to two weeks of actual construction. Jagers explained the down time would require two to three weeks to catch up to capacity.

Director Slawson noted this project is needed as quickly as possible and it is unfortunate that the time taken has resulted in added expense. He expressed confidence that staff will try to maximize cost savings.

President Covington echoed Director Slawson's comments. He noted that anyone purchasing material has experienced the effects of the tariffs. He said he is in favor of proceeding and coordinating with the SGPWA, having been adamant about the shutdown and with all the work behind the scenes; it is the right thing to do.

President Covington invited SGPWA Director Blair Ball to address the Board. Dr. Ball indicated he is speaking as a ratepayer, and suggested perhaps the BCVWD is in a position to secure the materials itself from its own vendors at a savings rather than purchasing through the contractor, and whether there is opportunity to

move water through the line down Beaumont Avenue and wait for a day when things settle down. It has taken too long to get here, Ball added, but everyone is so busy there is really no competitive bid.

SGPWA Director Ron Duncan commended the Board on moving the project forward. He believes it will be a benefit to the BCVWD. He asked about the BCVWD's letter to SGPWA GM Jeff Davis; Mr. Jagers noted it was presented to Mr. Davis on Tuesday, Oct. 30, and it was similar to the letter sent by Yucaipa Valley. Mr. Duncan stated that the 25 percent increase has much to do with the jump in the price of steel. It would be his hope that if the cost is not as much as anticipated, the contractor would offer a rebate but that does not typically happen. In response to President Covington, Mr. Duncan said he intends to sit down with Mr. Davis and discuss the potential cost saving points.

General Manager Jagers added that there is a stormwater capture project, which must be built in 2021, and this allows flexibility to put water in when it is not raining at a much higher rate than currently available in order to provide an opportunity to recharge more rainwater.

The Board authorized proceeding with the San Gorgonio Pass Water Agency's construction and engineering support services for the East Branch Extension Noble Creek Turnout Upgrade in an amount not to exceed \$580,404 by the following vote:

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

5. Consideration of Request for Update of "Will Serve Letter" for Previously Approved Development, Tentative Tract 29267, Riverside County Assessor's Parcel No. 400-250-008, a Portion of Noble Creek Vistas Specific Plan

Mr. Jagers explained the request from the Tahiti Group to update the existing Will Serve Letter for the project. He noted there is an older letter mistakenly attached (page 199 of the packet) which does not pertain to this project.

Director Hoffman confirmed this is a renewal and the District is obligated to approve the renewal based on the fact that there is adequate water supply.

The Board approved the Update of "Will Serve Letter" for previously approved Development, Tentative Tract 29267, Riverside County Assessor's Parcel No. 400-250-008, a portion of Noble Creek Vistas Specific Plan by the following vote:

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

6. Presentation of Landscape Services Bid Discrepancies and Review and Discussion of Labor Options

Mr. Jagers reminded the Board that this item was previously presented and the Board asked for it to be brought back. It pertains to maintenance of District facilities within the City of Beaumont. Mr. Jagers explained the RFP with cafeteria style bids.

Mr. Jagers stated that when the work was analyzed, it turned out there were some discrepancies in the bids and he drew attention to a spreadsheet detailing the two bids with 17 items. He reviewed the bids and pointed out the differences in costs.

President Covington clarified some costs on the Mariposa bid and contrasted the cost of hiring two BCVWD employees.

Mr. Jagers noted the City is projecting a decline in housing sales in the near term, and a change in the District's field staff labor burden is anticipated, and labor availability may change. He said he believes contracting is a good one-year hybrid solution with use of the California Conservation Corps and Cal Fire.

Jagers noted that staff has absorbed that the Board would like a better presence in the community and would like to be good neighbors, so staff is looking for a good solution for caretaking facilities, especially in the residential neighborhoods, then working on the larger facilities with a different methodology. He recommended Mariposa Landscaping to handle projects within the City and CCC and Cal Fire to handle everything else.

Director Hoffman asked about bid advertising. GM Jagers assured that the District advertised for bids, posted on the website, and telephoned known entities. The purchasing / bidding process was followed. Director Hoffman said he would feel more comfortable if he had seen additional bids. He asked about the scope of work and quality assurance. Mr. Jagers noted the proposal was fairly robust and shared some details. Director Hoffman asked about proper licensing, insurance, and termination. Mr. Jagers said staff has investigated, including that it appears the bids are based on prevailing wage, and there is opportunity for termination.

President Covington reminded the Board that this was shared with the Board in October along with the scope of services and the Board was aware of the low response. He tabled the item requesting more information on in-house options. The cost of in-house staff is substantial, Covington noted.

Director Slawson complimented staff on the quotes and suggested alternatives. He concurred with the staff recommendation. It can be revisited in one year.

Mr. Jagers clarified the Mariposa bid amount and President Covington noted that the engagement of the CCC and Cal Fire are within the General Manager's purchasing power. GM Jagers asked the Board for the additional approval, as this could be considered one project.

The Board approved the bid provided by Mariposa Landscape as the lowest responsible bidder in the amount of \$55,564.61 annually for scope items 1, 4-14 and 17-18, and the work on the Noble Creek Recharge Facility Phase 1 and 2 to

be done by Cal Fire and / or the California Conservation Corps (NTE \$58,440) as needed with contingencies in the amount of \$15,995.39, for a total projects cost not to exceed \$130,000 by the following vote:

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

7. Update: Sites Reservoir, Phase II Participation Agreement

General Manager Jagers indicated the current outlook from the Sites JPA is that the entities would like to have a year-by-year participation agreement. The date for approval of the first year commitment has been moved from Feb. 1 to April 1, which gives BCVWD a little more time to make the first decision on Phase 2. The agreements are changing a little but there will be an annual exit opportunity for any participant. Mr. Jagers commented that with the uncertainties of the Sites Reservoir, things are getting better from the aspect of limiting exposure from a cost perspective.

8. Discussion Regarding BCVWD-owned land included in the City of Beaumont’s Rangel Park Development

General Manager Jagers explained that the City of Beaumont owns a park facility and the District owns a portion of the land on which it sits. The City has made some improvements to the property and would like to make more. There is some Community Development Block Grant funding. The District-owned land is of concern and the City would like to gain ownership of that property. Some City owned property may be of interest to the District for well sites, including a well 27 site, which has already had an environmental study completed. GM Jagers believes an equitable land swap would be appropriate. President Covington concurred and directed staff to continue to work with the City. He also stressed assuring that the District is indemnified on the portion of park property.

9. Discussion of BCVWD Remaining 2018 Meeting Schedule and Agendas

General Manager Jagers suggested the Board schedule a budget workshop and noted he is on vacation from Friday, Dec. 14 and returning Sunday, Dec. 23.

- the December 27 Engineering Workshop was canceled
- A Special Meeting (Budget Workshop) was scheduled for December 6 at 6:00 p.m.

GM Jagers pointed out that the agenda for the December 12 meeting goes out on December 6. If budget changes are made at the December 6 special meeting the changes would not make it into the agenda packet.

10. Reports For Discussion

a. Ad Hoc Committees:

Ad Hoc Committee on Water Re-Use: Director Hoffman posed a question about recycled water demand from winter to summer. There could be a surplus in winter. He asked about blending to alleviate chromium 6. Mr. Jagers answered that the chrom 6 regulations have been changed but the District is pumping the well with the highest chrom 6 level into the non-potable system.

Bogart Park Ad Hoc Committee: President Covington attended the Nov. 5 meeting as the alternate. The discussion consisted of the items addressed earlier.

Collaborative Agencies Committee: Director Williams reported that the meeting was very informative. She noted that on Nov. 30 the Park District would be holding its Winterfest with tree lighting at The Grange.

b. General Manager:

Mr. Jagers added that at the Collaborative Agencies Committee meeting, there was discussion regarding the upcoming SGPWA rate change and potential cost increase for landscape irrigation for large users such as the City, some HOAs, and the Recreation and Park District. RPD General Manager Duane Burk was made aware that these changes are coming and the reasons.

Mr. Jagers also met with Todd Parton and Christine Day from the City of Beaumont and discussed recycled water points brought forward by Mr. Parton. It is in the interests of both the City and BCVWD that the District construct and operate a booster station. City Manager Parton indicated he would advocate bringing in a third party to look at the rate and cost recovery strategy. Mr. Jagers said he believes common ground was established on a number of points. The intent is to craft an MOU in order to move forward with initial expenditures on the project, followed ultimately by an actual recycled water agreement. Jagers explained that he shared consumption figures with the City for planning purposes.

Jagers noted 1,129 AF of recharge in October for BCVWD, and 49 AF for the City of Banning. To date, approximately 10,383 AF total has been recharged at the Noble Creek facility. Of that, 9,939 was for the District's replenishment needs. Now that the City of Banning has reached its order, Jagers expects the District will be taking about 49 AF more in November and December.

Production in October, Jagers said, was 99.78 AF out of the Beaumont Basin and Edgar Canyon. To date, 11,795 has been produced, a bit more than last year.

Jagers updated the Board on the well projects. He reported that the Requests for Proposals for public relations is due to be opened next Wednesday, and will be discussed at the next Board meeting.

c. Directors' Reports:

Director Slawson reported that the Water Re-Use meetings are going well. The next meeting is scheduled for the 29th. Director Hoffman concurred.

President Covington noted there is a call for projects through the Integrated Regional Water Management (IRWM) group, with the Santa Ana Watershed

Project Authority (SAWPA), for Prop. 1 funding. He said he would like to make sure that BCVWD is well represented within the IRWM group and when there is a call for projects to be sure to be on the project list.

d. Legal Counsel Report: None.

11. Announcements

President Covington read the following announcements:

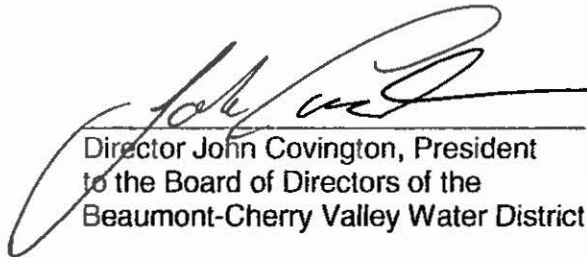
- Engineering Workshop: No Workshop in November due to Thanksgiving
- District Offices will be closed on Thursday, November 22 in observance of Thanksgiving Day
- Personnel Committee meeting: November 26, 2018 at 5:30 p.m.
- ACWA Fall Conference: November 27 – 30
- Beaumont Basin Watermaster Committee: December 5, 2018 at 10 a.m.
- Finance and Audit Committee meeting: December 6 at 3 p.m.
- Special Board Meeting: December 6 at 6 p.m.
- Regular Board Meeting: December 12 at 6 p.m.
- District Offices will be closed on December 25 in observance of Christmas Day
- Engineering Workshop scheduled for December 27 is canceled
- District Offices will be closed on Tuesday, January 1 in observance of New Year's Day
- Collaborative Agencies Committee meeting: January 2 at 5 p.m. at the Noble Creek Recreation and Park District administration building

12. Action List for Future Meetings

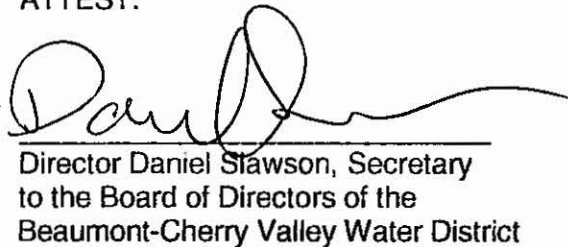
- Proposition 1 Bond Opportunities
- Proposition 68
- Water supply for BCVWD and the region

13. Adjournment: 7:45 p.m.

ATTEST:



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



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

