



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING – ENGINEERING WORKSHOP
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Thursday, January 24, 2019 at 6:00 p.m.**

Call to Order: President Covington

President Covington began the meeting at 6:02 p.m.

Director Williams led the Pledge of Allegiance

Invocation was given by Vice President Slawson

Roll Call:

Directors present:	Covington, Hoffman, Ramirez, Slawson, Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Assistant Director of Operations James Bean, Senior Engineer Mark Swanson, Accountant III Lorena Lopez, Senior Accountant Sylvia Molina, Administrative Assistant Erica Gonzales

Members of the public who registered their attendance: Fran Flanders, Dr. Blair Ball.

Public Comment: None.

ACTION ITEMS

1. Acknowledge receipt of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for BCVWD's 2017 Comprehensive Annual Financial Report

Director of Finance and Administrative Services Yolanda Rodriguez explained and presented the District's Certificate of Achievement, and acknowledged the District's accounting team: Lorena Lopez, Sylvia Molina, William Clayton and Sally Hernandez. President Covington requested staff to return for a photo with the Board once the anticipated plaque is received.

President Covington introduced Jeff Davis, General Manager of the San Geronio Pass Water Agency and reordered agenda item 6.

6. Discussion regarding the SGPWA and Sites Project Authority 2019 Reservoir Project (Phase 2 Participation Agreement), Associated 2019 and Ongoing Costs and Presentation by Jeff Davis, General Manager of the San Geronio Pass Water Agency

Mr. Davis explained that the deadline is near for a decision on participating in the Sites Reservoir Project Phase 2 to continue for the 2019 year beginning April 1. The SGPWA Board, he reported, voted this week to continue to participate at the full 10,000 acre-feet level and in the event that BCVWD did not choose to participate at its 4,000 acre-foot level, the SGPWA would pick up the cost through 2019.

Mr. Davis shared a PowerPoint presentation and explained the Sites project and some changes made in 2018. He advised that some federal and State funding has been received, and the cost per acre-foot is \$60 for 2019. Phase 2 consists of obtaining permits.

President Covington asked about operations and maintenance costs. Mr. Davis indicated it would be much smaller than the capital costs.

Financing for 2019 will be on an all-cash, pay-as-you-go basis, explained Mr. Davis. Starting next year, borrowing will begin and it is expected participants will be paying an interest-only line of credit which will add approximately \$24 to the \$60 per acre-foot being paid this year. In 2022, another estimated \$18 will be added. There are still no guarantees, he warned, that the project would be built.

SGPWA, he continued, is considering funding strategies including rates, ad valorem tax (if available), and a capacity fee.

Director Williams asked about decision-making on water releases, reservoir expected yield, the formula for the SGPWA capacity fee, and whether an agency that opts out now, might opt back in later. Davis indicated this had not been considered, however it may be flexible given that the yield is not fully subscribed.

General Manager Jaggars advised the Board that a decision must be made and a check for \$240,000 submitted to the SGPWA by Feb. 15, 2019 if the District is to participate in Phase 2.

Director Ramirez expressed concern about added costs to current ratepayers before looking at developers, and encouraged the Board members to consider how to pay for the added supply. He pointed out that it is the growth primarily driving the need for new water supply, and new development should pay those costs. President Covington concurred.

Director Hoffman indicated he did not like the concept of an interest-only payment, he prefers to reduce principal. He also noted that the area is growing, and there will be more houses with additional water demand. He also pointed out an example of new residents purchasing existing properties, and noted they would not be paying the burden as paid by new development.

Vice President Slawson asked Mr. Davis whether the Reservoir Committee was leaning toward the concept of charging participants based on storage, or based on acre-feet requested. Mr. Davis said he believes both should be considered, and consultants will likely develop a recommendation on which the Committee would vote.

Director Slawson pointed out that BCVWD does not receive the supply that it was designed to get in the 1960s and this project is important. He posited that the District might consider requesting more than 4,000 acre-feet.

Mr. Jaggars added that currently, the District collects \$1,225 per dwelling unit intended for purchase of Table A water, which is no longer an option. The Sites Reservoir is a long-term, dependable supply and he stated that the District should

be involved at least through the end of 2019. According to staff calculations, he estimated the cost of the 4,000 acre feet will be approximately \$2.6 million annually as the bonds move forward. Rolling the annual cost into a capacity fee at an average of 400 homes built per year, the capacity fee per unit would be \$6,500.

President Covington asked how new development would be responsible for the cost. Mr. Jagers continued. Costs would be spread across the anticipated 8,000 to 10,000 new homes when the 4,000 acre feet is delivered to the District. He pointed out that a rate would include a component to cover the cost of water lost due to environmental concerns, which affects all customers.

General Manager Jagers confirmed the need for new supply and advised that the Sites Reservoir is the best source of supply right now for the region. He pointed out that the support at the state and federal levels indicates there is strong interest in moving the project forward.

President Covington directed staff to bring back the Phase 2 Agreement at the Feb. 13 Board meeting.

Director Ramirez left the meeting at 7:43 p.m.

2. Resolution 2019-02: Authorizing Agreement with UMPQUA Bank to Participate in the California Special Districts Association Purchasing Card Program

Director of Finance and Administrative Services Yolanda Rodriguez advised the Board that the District currently participates with the California Special Districts Association Purchasing Card Program. She reported that since 2014, the District has received \$2,000 in rebates through use of the card.

The program has changed management from Bank of the West to UMPQUA Bank and staff requests continued participation in the program and Board approval of the agreement.

Director Williams asked about calculation of rebates; Ms. Rodriguez explained it is a discount rate to the bank, which is passed on to the District, paid quarterly.

The Board adopted Resolution 2019-02: Authorizing Agreement with UMPQUA Bank to Participate in the California Special Districts Association Purchasing Card Program by the following vote:

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

3. Consideration of Award of Contract for Landscape Services to Urban Habitat Landscape Contractors for an amount not to exceed \$55,564.61

General Manager Jagers reminded the Board that staff had been authorized to move forward with a contract with Mariposa Landscape, who declined to enter into

a contract. By removing three sites (Well 23, 12th and Palm, and Well 26) from the contract, staff has been able to reach the same contract amount and requests authorization to move forward with Urban Habitat, the one other responsive bidder to the RFP.

President Covington noted that in November the Board approved \$130,000 for site maintenance. Some of that money was to go to Mariposa, some to California Conservation Corps, and some to Cal Fire. He said he is not for removing facilities that are in dire need in order to save a few dollars. He said he prefers to have the sites included and bring that number back to the Board.

Assistant Director of Operations James Bean advised that the intent was not to cut any of the three sites out completely, but staff believes without them, the contract can be awarded to Urban Habitat. The three sites would be addressed by CCC or Cal Fire within the original \$130,000 approved. Vice President Slawson asked if all sites would be maintained; Mr. Bean said they would.

Discussion ensued. General Manager Jagers suggested leaving it open-ended with Urban Habitat while staff determines if the CCC is effective. If not, the three sites would be brought back for separate authorization.

The Board approved Award of Contract for Landscape Services to Urban Habitat Landscape Contractors for an amount not to exceed \$55,564.61 by the following vote:

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

4. Consideration of Renewal of Contract with Wells Fargo for Banking Services

Ms. Rodriguez indicated that Wells Fargo has requested an extension of two years based on best practices recommended by the California Society of Municipal Finance Officers. Staff is comfortable with the services provided by Wells Fargo and requests approval for two years, followed by going out to bid in 2021.

Director Hoffman said the highlights of the contract appear to be a good way to go at this point.

The Board approved the Renewal of Contract with Wells Fargo for Banking Services by the following vote:

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

5. Consideration of Proposed new alignment for existing water line through 9087 Avenida Miravilla (formerly known as 401-190-035, 401-190-034 and 401-190-033 located on Nonie Court) in the Community of Cherry Valley

Director Hoffman recused himself from the discussion and left the meeting room at 8:03 p.m.

Mr. Jagers reminded the Board options for this property were discussed at a previous workshop.

The property owner purchased three lots that had been subdivided, and has merged the parcels back together. He has requested service from the District. Each option identified by staff has issues. Staff presents here the best-case scenario resulting in the least impact to facilities for consideration.

Senior Engineer Mark Swanson advised the Board that the District has provided the property owner with the original conditions. Four earlier proposed solutions were deemed too cost prohibitive. Staff explained pressure issues with alternatives then described the potential option of realignment of an existing 4" water line to a more suitable location along a fence line. It serves two properties in addition to the applicant's.

Staff has advised the property owner that the line does not provide fire flow and he will require a storage tank.

Realignment of the line makes it easier for staff to access and replaces an aged line. Staff further recommends replacement of the remaining aged line to the south.

Staff has confirmed with the County that pipeline realignment, plus operation and maintenance of the line is acceptable within this area of the Multiple Species Habitat Conservation Plan.

Staff noted this solution does not fall in line with the District's master plan for the area. GM Jagers added that this alignment is based on field observations and is recommended off Miravilla due to some oak trees along the property frontage and along Miravilla. The District does not want to damage the roots of any oak trees. Also of note, Jagers said, this line is one of the District's worst for leaks. The property owner would bear the cost of the alignment on his property.

Mr. Jagers advised that with Board concurrence, a Will Serve Letter will be presented at the next meeting.

President Covington called a recess at 8:18 p.m.

The Board reconvened at 8:21 with Director Hoffman in attendance.

6. Discussion regarding the SGPWA and Sites Project Authority 2019 Reservoir Project (Phase 2 Participation Agreement), Associated 2019 and Ongoing Costs and Presentation by Jeff Davis, General Manager of the San Geronio Pass Water Agency

This item was discussed earlier in the meeting.

7. Discussion regarding the Water Supply Assessment for Hidden Canyon Industrial Park

General Manager Jagers advised the Board of the project background and prior iterations. In response to Director Hoffman, Jagers confirmed that staff has not been able to find a previous Will Serve Letter, however part of the LAFCO annexation process would be a Resolution by the District to bring the property into the service area boundary.

In order to move forward at the next meeting, Board direction is required.

By 2011, the project had changed from a 573 single-family residential development to a 2.8 million square foot warehousing activity consisting of two buildings, which triggered the need for a Water Supply Assessment (WSA). The District has worked with the property owner to create the WSA and staff believes the development will require 59 acre-feet, or approximately 90.8 dwelling units.

Director Hoffman asked about water delivery via the line going across the freeway. Mr. Jagers said the developer has pre-funded and installation of three 24" water lines has actually already begun along Potrero Boulevard and across San Timoteo Creek. The developer worked with the City to get the water lines in the bridge and the District has provided inspections to assure the work meets District standards.

Vice President Slawson commented positively on the reduction in water need. President Covington said he also noticed the difference in commercial versus residential demand.

Via consensus, the Board directed staff to bring back the revised WSL for approval at a future meeting.

8. Discussion regarding the Beaumont Basin Watermaster Accounting of Recharge and Storage Levels and City of Banning Extractions from Beaumont Basin through Well 25

Mr. Jagers introduced the item requested by President Covington. He explained the Beaumont Basin adjudication and the authority of the Watermaster. A stipulated judgment was reached, requiring management of the basin and overlies (owners of water rights) and appropriators (water retailers) were identified and allocations made.

Every ten years, Jagers explained, the Watermaster must re-evaluate the safe yield of the basin. The last evaluation was done in 2013 and determined the new safe yield of 6,700 acre-feet, which was assigned to the overlies. The remainder not pumped by overlies goes into a pool, which is subdivided and sent back to the appropriators as ability to use. Appropriator rights are allocated as a share of the safe yield.

General Manager Jagers pointed to the 2017 Beaumont Basin Watermaster Consolidated Annual Report and Engineering Report. The BCVWD's recharge activities are apparent on the graph showing water elevation comparisons year over year, he said. Jagers pointed to other elevations and explained water flow through the basin, leakage from the basin and operations practices to manage the retention of water.

President Covington noted the Watermaster Annual Reports continue to include the data from the inception of the adjudication. Although the report gets longer, he said, it is still a great tool. Mr. Jagers pointed out that in 2007, the annual production of BCVWD was 11,383 acre-feet and moving into the economic decline, production lowered. Some of that, he explained, is related to a decrease in construction activities taking place and less over watering of landscaping on new homes. Now, production is back up to approximately 11,000 acre-feet, but with a significant number of added houses. Data can be used to identify trends, and do correlation and analysis, he explained.

The Watermaster also analyzes supplemental recharge, Jagers added. He predicted that the next re-evaluation of safe yield will reduce the number to a range of 5,800 to 6,100 acre-feet, due to some underflow reporting from SGPWA's recharge activities in previous reports.

Jagers reviewed production numbers and explained allocation of unused production to appropriators. In 2017, BCVWD started with 27,565 acre-feet in its storage account. The District pumped 11,650, received 2,700 in overlier production reallocation, and recharged 13,590 resulting in 29.9 acre-feet in its storage account. He pointed to total basin storage of 109,165 acre-feet. Each entity has a storage account, and there are more storage accounts than potential storage in the basin.

During the drought, the District drew down storage from 32 or 33,000 acre-feet to 26 or 27,000. In the wet years, this has been brought back up. Water must be imported to meet continued growth. Work must be done locally and regionally to maximize local resources and sources of supply such as recycled water, stormwater capture, and increasing production outside the adjudicated basin.

President Covington noted the importance of monitoring the storage account and identifying trends. Director Hoffman asked if the Watermaster will require a minimum supply in storage. Jagers explained that the state is legislating a requirement to try to have three years of storage. He added that there will be a reduction in allocation this year that hits the BCVWD's account for the first time.

9. Discussion Regarding a New Opportunity and Options for Additional Office Space

Senior Engineer Mark Swanson reminded the Board of previous discussions and talk about having a modular building on the rear lot to accommodate staffing needs. As the District grows, workspace is running low.

One option was modification of the existing building to maximize space. Staff examined needs and determined that more offices are needed in addition to cubicles. Although cost effective, rearranging did not fulfill the needs. The modular building purchase option was also considered and 2018 units are still available. Mr. Swanson pointed out that a ramp for ADA accessibility and fencing the area would be required at a cost in the range of \$80,000-plus. There is also increased traffic due to a new business.

A third option recently became known, Swanson explained. There is a nearby commercial suite on 6th Street for rent at 1,662 square feet \$1.25 per square foot.

The facility is larger than a modular. Staff is investigating tenant improvements and ADA accessibility. President Covington asked if the building would include public access or just staff. Mr. Jagers indicated the initial thought was to move the Engineering Department there. Any meetings with the public could be held at the main office, or a conference area would be created at the new location. Any public access would likely be by appointment, not open to the general public.

Director Hoffman asked about common ground. Mr. Swanson explained the owner covers that in common area maintenance (CAM). Director Hoffman posited this would be an opportunity to see how it works out without too much investment. Mr. Swanson presented comparisons of all options over a five-year period. Costs vary between \$237,000 and \$186,000.

President Covington asked about the sewer connection requirement for the modular building and Edison connection. Mr. Swanson explained that the City requires a sewer reconnection; Mr. Jagers noted these fees might be able to be negotiated away based on existing service. Edison serves per parcel so would require new service.

Director Hoffman and President Covington offered comments on lease terms and owner / tenant responsibilities. Staff will gather more information and present an update at the next meeting.

10. Notification of Intention to proceed - Redundant SAN Project / Server Replacement Project

Mr. Jagers advised this is an IT improvement / Capital Improvement Project of \$50,000 overseen by the IT Manager.

11. Discussion Regarding 2019 AB 1234 Ethics Training Requirements and Options for Fulfillment

Erica Gonzales, Administrative Assistant explained the requirements for training for management and Board every two years. BCVWD usually attends a free seminar at Yucaipa Valley Water District. This year, the seminar fell on the regular Board meeting night. Other options include online through ACWA/JPIA or CSDA, or District's legal counsel can do a presentation.

Consensus was for online training. Director Williams advised she completed her requirements at the ACWA conference. Ms. Gonzales will send the appropriate links to the Board members.

12. Update: Legislative Action and Issues Affecting BCVWD

President Covington tabled this item to a future meeting.

13. Status Update regarding Well 26

Assistant Director of Operations James Bean advised the Board of activities at Well 26. Staff noticed a reduction in pumping capacity last March, indicative of pumping unit failure. In April, the Board awarded the repair and rehabilitation contract to Legend Pump and Well. The facility went back online in July.

On Monday, January 14, there was an alarm at the site and a short was discovered in the motor. The motor has been taken to the electrician for warranty repair work.

In response to Director Hoffman, Mr. Bean noted it is a 400 hp motor. Director Slawson asked if there was a loaner that could be used in the interim; there is not, Mr. Bean answered.

14. Topics for Future Meetings

President Covington tabled this item.

15. Announcements

President Covington advised of the rate discussion agenda for the San Geronimo Pass Water Agency Budget and Finance Committee Meeting at 1:30 p.m. on January 28 and read the following announcements:

- Personnel Committee Meeting: January 28, 2019 at 5:30 p.m.
- Bogart Park Ad Hoc Committee meeting: PENDING February 4, 2019 at 5:45 p.m.
- Beaumont Basin Watermaster Committee: February 6, 2019 at 10 a.m.
- Finance and Audit Committee Meeting: February 7, 2019 at 3:00 p.m.
- Regular Board meeting: February 13, 2019 at 6:00 p.m.
- District Offices will be closed Monday, February 18, 2019 in observance of Presidents' Day
- Engineering Workshop: February 28, 2019 at 6:00 p.m.
- Collaborative Agencies Committee meeting: March 6, 2019 at 5:00 p.m.
(Location: Beaumont-Cherry Valley Recreation and Park District – Noble Creek Community Center, 390 W. Oak Valley Pkwy)

16. Recessed to Closed Session: 8:12 p.m.

- a. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54947
Title: General Manager

President Covington tabled this item to the February 13, 2019 meeting.

17. Adjournment

President Covington adjourned the meeting at 9:26 p.m.



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

ATTEST:



Director Andy Ramirez, Secretary
to the Board of Directors of the
Beaumont-Cherry Valley Water District

*Daniel Slawson
for*