



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, March 13, 2019 at 6:00 p.m.**

Call to Order: President Covington

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

Pledge of Allegiance: President Covington

President Covington led the pledge.

Invocation: Vice President Slawson

Vice President Slawson gave the invocation.

Roll Call:

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

Members of the public who registered their attendance: Barbara Brown, Steve Lehtonen, Patsy Reeley, Judy Bingham, Fran Flanders, Jeff Parda, Dr. Blair Ball, and Lloyd White. Also present: Tara Bravo of CV Strategies.

Public Comment:

Ms. Patsy Reeley commented on recycled water and suggested review of the 1995 contract with the City of Beaumont.

Ms. Judy Bingham provided some history and commented on recycled water.

ACTION ITEMS

1. Adjustments to the Agenda:

General Manager Jagers requested Item 11 and Item 9 be moved forward.

2. Consent Calendar:

The following Consent Calendar items were approved with one motion:

- a. *January 2019 Budget Variance Report (pages 4 - 8)*
- b. *January 31, 2019 Cash/Investment Balance Report (page 9)*
- c. *February 2019 Check Register (pages 10 - 23)*
- d. *February 2019 Invoices Pending Approval (pages 24 - 25)*
- e. *Minutes of the Regular Meeting of February 13, 2019 (pages 26 - 36)*
- f. *Minutes of the Regular Meeting of February 28, 2019 (pages 37 - 44)*
- g. *Correspondence – Letter outlining the Planned Scope and Timing of the Audit for Fiscal Year Ended December 31, 2018, pursuant to Statements on Auditing Standards No. 114 (SAS 114) (pages 45 – 47)*

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

3. Consideration of Resolution 2019-04: Authorizing Submission of an Application Requesting Live Scan Services; Consideration of Appointment of the Director of Finance and Administrative Services to the Role of Custodian of Records and Appointment of the General Manager as Alternate, and Rescinding Resolution 2018-12

Director of Finance and Administrative Services Yolanda Rodriguez explained this Resolution is returning to the Board to adjust language in Resolution 2018-12 on recommendation of the Department of Justice.

The Board approved Resolution 2019-04 Authorizing Submission of an Application Requesting Live Scan Services; Consideration of Appointment of the Director of Finance and Administrative Services to the Role of Custodian of Records and Appointment of the General Manager as Alternate, and Rescinding Resolution 2018-12 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 Resolution 2019-05: Authorizing the General Manager to Submit an Application to the Bureau of Reclamation for a WaterSMART: Water and Energy Efficiency Grant

General Manager Jagers explained that the District will apply for a grant for Automatic Meter Read / Automatic Meter Infrastructure (AMR / AMI) funding. The

project is included in the Capital Improvement Program; this funding would allow a more robust project. This is a housekeeping item to facilitate the application.

President Covington asked about meters not yet converted to AMR. Mr. Jagers estimated that of 18,000 meters, approximately 2,500 to 3,000 meters have been converted. He explained the implementation of the project.

In response to Director Hoffman, Mr. Jagers briefly explained the application process, eligibility and reporting requirements. Mr. Jagers noted there are other applicants but it is hoped the application will be successful.

The Board adopted Resolution 2019-05: Authorizing the General Manager to Submit an Application to the Bureau of Reclamation for a WaterSMART: Water and Energy Efficiency Grant by the following vote:

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

5. Resolution 2019-06 and Resolution 2019-07: Concurring in Nominations to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA / JPIA)

Director of Finance and Administrative Services Yolanda Rodriguez explained the ACWA / JPIA elections and nomination process. Two agencies have requested concurring resolutions for nominations. The Board has the option to adopt one, both, or neither of the resolutions.

President Covington pointed to four eligibility requirements and indicated that BCVWD could nominate its own directors should the District meet the criteria.

Director Williams requested clarification and was answered by President Covington. Director Hoffman pointed out there are two vacancies. Director Slawson indicated preference to adopt both resolutions, or at least Mr. Lopez.

With one motion, the Board adopted:

- *Resolution 2019-06 Concurring in the Nomination of **Brent Hastey** to the Association of California Water Agencies / Joint Powers Insurance Authority (ACWA / JPIA) Executive Committee.*
- *Resolution 2019-07 Concurring in the Nomination of **Al Lopez** to the Association of California Water Agencies / Joint Powers Insurance Authority (ACWA / JPIA) Executive Committee*

by the following vote:

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

6. Consideration of Attendance at the Santa Ana River Watershed Conference – Water Education Foundation at Cal State Fullerton on March 29, 2019

General Manager Jagers explained that BCVWD is at the top of the Santa Ana River Watershed, explained the relevance of the program and asked the Board if there was interest in attending the conference. President Covington reported that the One Water – One Watershed plan update was approved by the Santa Ana Watershed Project Authority (SAWPA) in February and is a topic of the conference along with the California Water Plan update. Covington and Directors Hoffman and Williams indicated interest in attending.

The Board approved the attendance of President Covington and Directors Hoffman and Williams at the Santa Ana River Watershed Conference – Water Education Foundation at Cal State Fullerton on March 29, 2019 by the following vote:

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

President Covington moved forward Item 9:

9. Update and Discussion regarding California Water Conditions as of March 7, 2019

General Manager Jagers presented an update on California drought conditions. Precipitation has been above average in all areas except the San Joaquin Basin. All reservoirs are above the historic averages. BCVWD has worked hard to get all recharge facilities online and water deliveries are being accepted, he said.

President Covington moved forward Item 10:

10. Discussion of SGPWA 2019 Water Supply Outlook, Rate Study, Capacity Fee Study, Tax Based Funding and SGPWA Schedule of Activities

Mr. Jagers distributed a handout which was provided at the March 11, 2019 Engineering Workshop of the San Geronio Pass Water Agency, including a discussion of rates. The key points, Jagers noted, are in the SGPWA graph showing rates over time. He pointed to annual State Water Project (SWP) cost increases and explained the components of increasing costs.

Jagers reminded the Board the District takes issue with some of the SGPWA strategies such as the cost of the Nickel Water rate. The debt service tax base collected by SGPWA has increased to \$23.9 million and this is being used to make one-year deals with entities such as the City of Ventura, and Casitas MWD. However, that is State Water Project water, and the Nickel Water is a private family lease, which cannot be funded with SWP debt service taxes.

GM Jagers shared a funding concept, which is being implemented by other agencies. Due to increased assessed valuation, a greater amount of taxes is being collected than anticipated, but this cannot be spent on the Nickel Water, he

reminded the Board. Jagers suggested using the monies spent on other water deals to cover operations and maintenance costs to take them out of the rate and pay them with taxes, and move in the Nickel Water so new growth taxes are used to pay for part of the variable costs.

Jagers extrapolated future water purchases and explained the breakdown of cost per acre-foot. The funding concept is to buy down the rate, using funds to pay part of the OMP&R costs of the Nickel Water, he said. He pointed out component costs that could be paid through debt service taxes rather than rates, and indicated he had vetted the concept with others.

With new growth adding \$300,000 to \$350,000 per year in tax base contributions to the SGPWA (based on 500 new homes per year) this could equate to \$1 million to \$2 million in three to six years, Jagers posited. He explained variables in water orders and potential resulting reserves to offset the Nickel cost. Jagers said he would share this at the water managers meeting tomorrow.

In response to Director Hoffman, Mr. Jagers clarified tax-based funding sources and trends. Director Hoffman asked BCWVD legal counsel for comment, and Mr. Markman replied that he believes there is flexibility in use of the funds for something like this. It is a policy decision for the SGPWA Board, he said. Director Slawson asked about the 60 / 40 split in cost coverage, and Mr. Jagers explained.

President Covington moved forward Item 11:

11. Discussion regarding Board Training with BCWVD's Public Relations Consultant CV Strategies

Ms. Tara Bravo of CV Strategies explained that the role of the Board member is defined by communication with the customer and based on transparency, ability and accuracy, representing the District and not individual views. Every interaction is a transaction, she noted, as every person is a customer of the District in some way. The objective is to protect the reputation of the District and offer no opportunity to compromise it.

CV Strategies, she said, is working with staff on constructing key messages to be able to easily communicate to a diverse group. Ms. Bravo explained there will be different means of communication identified such as a town hall meeting or social media – the District must take its message to the public. She pointed out that services provided by special districts are often taken for granted and customers are disengaged, with no concept of cost drivers, and communication must remain constant.

Always be communicating, Bravo recommended. Be proactive and consistent, and assure information is accurate, she advised. People value time spent, she said, and suggested seeking public buy-in. Ms. Bravo also suggested the Board and staff participate in community events, and allow customers to get to know the people of the District.

Bravo asked the Board about its goals for the outreach program.

Director Williams concurred with the importance of communicating with stakeholders. President Covington noted that the District revamped the website last year and said he would like to hear the outreach strategy to customers who do

not visit the website, and noted there is a lot of catch up to do in communicating what the District has been doing.

In response to Covington, Ms. Bravo explained three items she considers critical to begin right away: a newsletter to keep people updated, including turning the annual consumer confidence report into a newsletter format, increasing social media presence and communication of a District profile in different forms for targeted groups.

Director Hoffman concurred that different communication vehicles for different demographics are important and shared an example from his business. Communication of things of interest to the people served by the District in such a way that they could understand should be done in a brief message and at the same time, assure they feel they are involved, he suggested.

Director Slawson indicated that in his experience, anyone who wants to know could get information. Communication is important when people get angry, he said, and he believes there will be a need for some community meetings. Ms. Bravo noted that meetings are part of the scope of work but cautioned that if those are the only times the District communicates with people it gives rise to mistrust and miscommunication.

President Covington asked about composition of stakeholder lists. Ms. Bravo explained that various groups such as internal groups: Board and staff and others, and external such as industry groups, key players and the public would be included. Covington stressed engagement of customers and training for staff. He suggested creating flyers that could be disseminated by field staff and development of an email list.

Director Williams inquired about a text message program. Ms. Bravo indicated this could be handled through an app or message service but these are not cost efficient and may feel less authentic.

Mr. Jagers added that outreach could include HOAs and community centers for purposes of recycled water; newsletters could be placed.

7. Consideration of Support for SB 669 (Caballero): Water Quality: Safe Drinking Water Fund which would Establish the Fund in the State Treasury and Provide that Moneys are Continuously appropriated to the State Water Resources Control Board

General Manager Jagers explained this bill would create a trust fund for disadvantaged communities using general fund monies in lieu of the proposed water tax. The Association of California Water Agencies has requested support of the bill. President Covington indicated he believes this is the best path forward.

The Board approved Support for SB 669 (Caballero): Water Quality: Safe Drinking Water Fund which would Establish the Fund in the State Treasury and Provide that Moneys are Continuously appropriated to the State Water Resources Control Board by the following vote:

MOVED: Slawson	SECONDED: Williams	APPROVED 3-1
AYES:	Covington, Slawson, Williams	
NOES:	Hoffman.	
ABSTAIN:	None.	
ABSENT:	Ramirez.	

8. Consideration of Award of Bid for the Purchase of three (3) Fleet Vehicles in the Amount of \$80,197.32

Assistant Director of Operations James Bean reminded the Board that at the February 28, 2019 meeting the Board approved the declaration of surplus for four vehicles. Three trucks must be replaced, he explained. Mr. Bean reviewed the bids received and recommended purchase of two Ford F-250s and one Ford F-150s from Fritts Ford.

Director Hoffman asked about any bid discrepancies and available funding; Mr. Bean assured that all bids were based on the same RFQ. The Board approved the Capital Improvement Budget including these replacement vehicles in December 2018, Bean said.

In response to questions from President Covington and Director Hoffman, Mr. Bean explained that the types of vehicles to purchase were determined by price comparisons and the purposes / uses of the vehicles. President Covington suggested looking again at other brands.

General Manager Jagers added that District policy requires staff to solicit quotes from the state vehicle procurement program vendor, which is a Ford dealer.

Director Hoffman suggested considering use of seat covers and bed liners to extend vehicle life.

The Board authorized the General Manager to purchase three (3) fleet vehicles as listed in the 2019 Capital Improvement Budget from Fritts Ford in the amount of \$80,197.32 the following vote:

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

9. Update and Discussion regarding California Water Conditions as of March 7, 2019

This item was addressed earlier in the meeting.

10. Discussion of SGPWA 2019 Water Supply Outlook, Rate Study, Capacity Fee Study, Tax Based Funding and SGPWA Schedule of Activities

This item was addressed earlier in the meeting.

11. Discussion regarding Board training with BCVWD's Public Relations Consultant CV Strategies

This item was addressed earlier in the meeting.

12. Reports For Discussion

a. Ad Hoc Committees:

2X2 Recycled Water Committee: Director Slawson reported that at the meeting yesterday it was reported that the MOU was being fine-tuned related to quantification. Director Hoffman added that he believes cooperation and communication is going well between BCVWD and the City with the goal of mutually agreeable solutions that benefit all ratepayers.

b. General Manager:

Mr. Jagers reported that the Noble Creek Recharge Facility is back online.

Well 21 and booster 21A motors have been delivered to the sites and the damaged connectors have been replaced, Jagers continued. Well 21A booster is up and running and production increased from 1,400 gallons per minute to 1,800 gpm – quite a bit more efficiency was gained. Well 21 is pending flushing and bacteriological samples and should be back online shortly.

The Well 22 site has been graded he reported, and should be completed in the near future.

c. Directors' Reports:

Director Hoffman told the Board he attended the SGPWA Rate Study Workshop and pointed out that SGPWA Director Lehtonen is in attendance this evening, and Dr. Blair Ball was also here earlier. Councilman White, who is a member of the 2x2 Committee, was also in attendance earlier. Director Hoffman said he learned at the meeting that the recharge ponds are being built in hope of capturing all of the water that could become available, with the intention to recharge only water that no one else in the service area chooses to purchase; water will not be taken away from BCWVD. Mr. Jagers clarified that per its settlement with the Beaumont Basin Watermaster Authority, the SGPWA is required to offer the water to the retailers first, and if not bought by retailers, the SGPWA will buy it.

Director Slawson noted that he missed the San Geronio Pass Regional Water Alliance Meeting last month but he learned from GM Jagers that the discussion again revolved around rates.

d. Legal Counsel Report:

Counsel James Markman reported that he attended the March 6, 2019 meeting of the Beaumont Basin Watermaster Committee and raised issues related to transfer of overlying water rights from developers to the Yucaipa Valley Water District.

13. Announcements

President Covington read the following announcements:

- Personnel Committee meeting: March 25, 2019 at 5:30 p.m.
- Engineering Workshop: March 28, 2019 at 6:00 p.m.
- Beaumont Basin Watermaster Committee Meeting: March 27, 2019 at 10 a.m.
- Finance and Audit Committee meeting: April 4, 2019 at 3:00 p.m.
- Regular Board Meeting: April 10, 2019 at 6 p.m.
- Collaborative Agencies Committee meeting: May 1, 2019 at 5:00 p.m.
(Location: Beaumont-Cherry Valley Recreation and Park District – Noble Creek Community Center, 390 W. Oak Valley Pkwy)

14. Action List for Future Meetings

- Water supply for BCVWD and the region

15. Adjourned to Closed Session: 8:03 p.m.

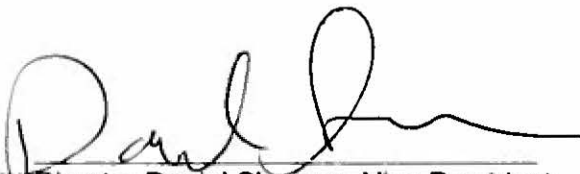
- a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
San Timoteo Watershed Management Authority v. City of Banning, et. al., Riverside County Superior Court Case No. RIC 389197

Reconvene in Open Session: 8:51 p.m.

Report on Action Taken During Closed Session:

There was no reportable action taken.

16. Adjournment: 8:52 p.m.



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

ATTEST:



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

