



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING – ENGINEERING WORKSHOP
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Thursday, June 27, 2019 at 6:00 p.m.**

Call to Order: Vice President Slawson

Vice President Slawson began the meeting at 6:04 p.m.

Vice President Slawson led the Pledge of Allegiance

Invocation was given by Director Hoffman

Roll Call:

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

Members of the public who registered their attendance: Jeff Davis, Ron Duncan, David Castaldo, Evelyn Morentin-Barcena, Hendrik Becker, Brianna Schultz, and Dr. Blair Ball.

Public Comment:

Mr. Ron Duncan and Mr. David Castaldo, directors of the San Geronio Pass Water Agency addressed the Board:

Mr. Duncan explained he is disturbed by the communication channels used by General Manager Dan Jagers. He said he believes communication is getting better between the agencies to try to fulfill water needs for everyone, but said he believes general managers should talk to general managers, and Board members to Board members. He gave examples of recent SGPWA – BCVWD cooperation. Mr. Duncan indicated that Mr. Jagers' attendance at the SGPWA Board meetings and repetitive communication is not making the SGPWA Board feel positive and he asked the BCVWD Board to establish a communication protocol.

Mr. Castaldo stated that when he joined the SGPWA Board two years ago, BCVWD was discussing water rationing. In the two and a half years since, the SGPWA has done whatever it could to obtain water supply to the area and has been successful. He stressed that the SGPWA would like to serve its customer, BCVWD, and supply its needs. For the last two years, he noted, the agencies have been unable to work out a capacity fee, and this must be done sooner than later. The SGPWA is very proactive and wants to do the right thing for the community and the public it serves, he explained.

1. 2018 External Audit and Comprehensive Annual Financial Report

Director of Finance and Administrative Services Yolanda Rodriguez introduced the District's auditors, Rogers, Anderson, Malody & Scott, LLP (RAMS). Ms. Brianna Schultz explained the role of the auditor and presented the unmodified opinion of the financial statements. It is a clean opinion, she said.

Ms. Rodriguez explained the audit, based on generally accepted auditing principles and GASB reporting requirements. The District's net position in 2018 is \$170 million compared to 2017 at \$161 million. Restricted and unrestricted assets increased to \$178 million in 2018 compared to \$168 million in 2017.

Liabilities, Ms. Rodriguez continued, are \$8.3 million. Total cash investments plus accounts receivable are sufficient to fund the District's restricted and unrestricted requirements, she stated.

Ms. Rodriguez continued and explained additional detail of the report.

Director Hoffman pointed out an increase in the number of metered services from 2009 to present with just a 14 percent increase in water use. The consumer is using less water per meter, Hoffman posited. General Manager Dan Jagers noted the drought which resulted in changes in water use practices by consumers, increased efficiency of new homes, and landscaping restrictions.

Director Hoffman noted operating expenses, including employee salaries and benefits, which have increased 58 percent in since 2009. Water purchases have increased 28 percent, he pointed out. At the same time, there has been a 56 percent increase in number of single-family residences served, he noted.

The Board received and filed the independent auditors' unmodified (clean) opinion on the Beaumont-Cherry Valley Water District's financial statements for the year ended December 31, 2018, included in the December 31, 2018 Comprehensive Annual Financial Report, and the Management Letter by the following vote:

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

2. California Special Districts Association (CSDA) 2019 Board Elections: Vote to Elect a Representative to the California Special District Association Board of Directors in the Southern Network for Seat B

General Manager Jagers explained the CSDA election process and noted the incumbent is not running for the seat. Director Williams nominated Kathleen Tieg. Directors Hoffman and Slawson concurred.

The Board approved a vote for Kathleen Tieg to the California Special District Association Board of Directors in the Southern Network for Seat B by the following vote:

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

3. Consideration of Opposition to AB 1486 (Ting): Surplus Land

General Manager Jaggars offered the Board an option to formally oppose the proposed legislation and explained the bill. He noted that the CSDA is opposed, and several CSDA members have written letters of opposition.

VP Slawson pointed out it is a housing bill. Director Hoffman indicated that local citizens have a better understanding of community land use needs and indicated opposition. Director Williams noted that it is not good for the state to dictate what the District does with its land.

The Board approved the letter of opposition of AB 1486, authorized its execution and directed staff to forward the letter to the California Special Districts Association and designated elected officials by the following vote:

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

4. Review Annual Disclosure (California Government Code Section 66013(d)), Fiscal Year 2018 Capacity Charges

General Manager Jaggars noted this is documentation of the capacity charges and fees collected by the District. The District is required to make this information available to the public annually, he said, in order to maintain transparency and to show that collected funds are expended on public improvements.

5. Consideration of Proposed revision of BCVWD “Will Serve Letter” Policy

Mr. Jaggars reminded the Board of discussion at the May 23, 2019 workshop regarding the policy of Will-Serve Letters (WSLs) coming before the Board. Currently, WSLs have a one-year life and must then come back to the Board for re-approval, he explained. However, the development process allows the GM to extend the deadline.

Jaggars reminded the Board that there was some discussion to allow a one-year update by the GM, and to provide quarterly or twice a year updates. He pointed to the staff proposal and suggested the item be tabled until the full Board is present.

Director Hoffman pointed out that it seems in most circumstances that the District is legally obligated to honor the WSLs and renew them. He said the current policy may help parties be more vigilant in renewing their WSLs on a timely basis.

VP Slawson tabled the item.

6. Consideration of Request for “Will Serve Letter” at 550 East 1st Street (Riverside County Assessor’s Parcel No. 418-260-023) in the City of Beaumont

Senior Engineer Mark Swanson indicated the project is a proposed RV storage area. There is no office, but fire service connection and an irrigation connection will be required. The plans, Swanson continued, show an “ice house” to be constructed in the future. The developer was unable to provide water supply calculations for the ice house, so staff has included one EDU and reserved the right to charge an additional fee based on final calculations and construction of the ice house. The District also reserves the right to perform an audit, Swanson said.

GM Jagers added that this is a request for service; no will-serve letter has been provided. Jagers advised that grading on the site seems to have begun and explained that the city issues permits before the BCVWD Board has issued a WSL. He noted additional water use concerns and indicated that staff believes that water use appears to be low at this point.

Director Williams asked about water use for grading and Mr. Swanson explained there is a temporary construction meter. Director Williams asked about RV and boat washing. Mr. Swanson said that due to regulations on runoff into the Beaumont Basin, that activity is not currently planned. Director Williams also pointed out that an ice house would need maintenance.

Mr. Jagers added that staff has moved this to the Board with minimal information available. He believes the plan will be modified over time and suggested that more information will be needed. He asked for general Board direction. Mr. Swanson reiterated there is currently no plan for domestic service; there is recycled water and fire service planned.

Director Hoffman indicated he would like more detail on the plans. VP Slawson asked if legal counsel had reviewed the document to protect the District. Mr. Swanson indicated that developers provide their estimated consumption and if plans change, staff has the opportunity to audit the account to determine actual consumption. Jagers indicated staff reviews establishments of similar character and correlates water use to the basis provided by the developer and tracks it over time. If there is a change of use, the District reserves the right to make adjustments as necessary, Jagers explained.

Director Williams asked about developer representation to answer Board questions. Mr. Jagers indicated that all applicants are advised they may attend and represent themselves. VP Slawson pointed to condition 4 which protects the District.

*The Board **denied** the application for water service and the furnishing of a “Will Serve Letter” with conditions as stated in the staff report for the property located at 550 East 1st Street, identified as Riverside County Assessor’s Parcel No. (APN) 418-260-023 within the City of Beaumont, subject to payment of all fees to the District and securing all approvals from the City of Beaumont. The motion to approve failed to meet the vote threshold by the following vote:*

MOVED: Hoffman	SECONDED: Slawson	FAILED 2-1
AYES:	Hoffman, Slawson	
NOES:	Williams	
ABSTAIN:	None.	
ABSENT:	Covington, Ramirez	

7. Consideration of Request for Variance to Conditional Water Service “Will Serve Letter” for Riverside County Assessor’s Parcel No. 401-141-010 located on Avenida Miravilla, Northeast of the Edgar Canyon Road, Avenida Miravilla Intersection in the Community of Cherry Valley

General Manager Jagers pointed out an incorrect item number in the packet – item 8 should be identified as item 7 on page 167. VP Slawson called upon the applicant, Mr. Hendrik Becker, to address the Board.

Mr. Becker advised the Board that he received from his engineer a list of necessary items including a fire hydrant and estimates a cost of \$50,000 to \$70,000 to bring an 8-inch water line to the property. He said that he understands the District’s predicament in allowing a variance for one person and appealed to the Board, asking for reconsideration of the requirements. He noted there is a 4-inch service line 15 feet from his property. Additionally, the Fire Department has already approved the plans with the current fire hydrant 900 feet away, he said. BCVWD staff desires to upgrade the service line, he acknowledged, but he noted he is a single property owner and should not have to carry the burden of the capital improvement.

Mr. Becker added that his goal was to build an affordable house, and these requirements negate that plan.

In response to Vice President Slawson, Mr. Jagers confirmed that the 8-inch line is on the District’s master plan. Mr. Jagers explained that the 4-inch service at the back of the property is inadequate to service the Becker property. The Master Plan addresses undersized lines and poor service in the area and sets the stage for service moving forward. Many of the properties in the area have not been developed due to these conditions. Jagers said he understands this is not an inexpensive activity, but that does not negate the need, especially with current California fire concerns.

If an exception was made, and the house burned down due to inadequate fire service, or the requirement for an extension of the line was relaxed, the District may have exposure, GM Jagers warned.

VP Slawson asked about infrastructure plans. Mr. Jagers indicated there are lines near the end of their service lives, and there is a replacement schedule but there is no line in front of this house. Director Hoffman said he understands it seems unfair for one property owner to bear the burden when others may benefit from it in the future. He gave an example of another nearby manufactured house, but Mr. Jagers pointed out the example is outside the BCVWD service area and has a different situation.

Mr. Jagers and Mr. Swanson pointed to a nearby property owner who has been in communication with the District and may require similar water line work, so this is not a unique condition. Staff suggested the two owners work together on

engineering and a cost-share arrangement. Swanson further explained the needed work to accomplish the project and indicated cost savings alternatives would be considered.

Director Hoffman said he appreciated staff's effort to identify options to minimize the cost to the property owner. In response to Director Williams, GM Jagers clarified the existing infrastructure layout and condition of water lines. He further explained that the original parcel had been subdivided; service had been available at the corner of the original lot but now this is a new house requiring a new service.

Senior Engineer Swanson also noted that the applicant requested consideration of a bond which would allow the District to provide the line and a portion of the bond would go to pay for the line. This would require the District to pay for all improvements up front and is not cost effective.

VP Slawson indicated he had researched the options and concluded the variance cannot be done. Staff should continue to try to keep costs as low as possible, he said. Director Hoffman concurred, expressing understanding that the manufactured unit is soon to be delivered, but stated the District must follow its policy.

*The Board **denied** the request for variance to the conditionally approved water service "Will Serve Letter" for the property located on Avenida Miravilla, identified as Riverside County Assessor's Parcel No. (APN) 401-141-010 within the community of Cherry Valley by the following vote:*

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

8. Consideration of Granting Authorization to San Gorgonio Pass Water Agency to Recharge State Water Project (SWP) Water into the Fiesta Recharge Facility on behalf of BCVWD

General Manager Jagers explained that San Gorgonio Pass Water Agency (SGPWA) General Manager Jeff Davis considered approaching the City of Banning to recharge 100 acre-feet of water at the new Fiesta facility to test conditions. Mr. Jagers identified that it may take significantly more to test each pond. Since the facility was also partly funded by BCVWD ratepayers, the District would like to assure its best use.

GM Jagers explained conditions at the BCVWD recharge facility, made estimates on recharge activity, and asked the Board for direction as to assisting with the testing of the new Fiesta facility. There would be no loss to the BCVWD and this provides an opportunity to partner with SGPWA, he said.

VP Slawson, Director Hoffman and Director Williams expressed support and directed staff to offer recharge water for the Fiesta facility.

9. Consideration of 2019 Beaumont-Cherry Valley Water District State Water Project Water Order

Mr. Jagers explained challenges of the annual BCVWD water orders from the SGPWA. BCVWD staff had been aware of the coming imported water rate change, and for 2019 ordered 9,700 acre-feet of water supply based on projected demands plus requested 6,300 acre-feet if additional water was available. Mr. Jagers noted that 16,000 acre-feet was available, but 3,500 acre-feet was lost. He said he has asked at the SGPWA Board meetings about more available water, but has not received a response.

He reminded the Board about the SGPWA rate increase, the unexpected shutdown of the turnout, and the reduced delivery in March. BCVWD is still working on getting its ordered water into the ground, and is now considering the 2019 water order.

Mr. Jagers explained the efforts at communication, as referenced by Mr. Duncan earlier during Public Input. Mr. Jagers also reminded the Board that SGPWA GM Jeff Davis advised of a hydraulic constraint, potentially limiting the BCVWD recharge to 23 cfs and 15,230 acre-feet. If there were no constraints, the District could recharge 16,139 acre-feet, at a cost of \$1.695 million, he said.

Jagers pointed out that BCVWD has not asked for reimbursement for lost opportunity for water delivery due to these constraints. BCVWD has asked the SGPWA to repair the line broken by their contractor. Jagers estimated the total available to BCVWD this year will be 13,600 acre-feet. He informed the Board that he has asked twice at SGPWA Board meetings about the status of water supply and has been informed by Mr. Davis that there is 15,000 acre-feet available, but did not receive an answer when he asked about declining rates.

General Manager Jagers indicated he understands the frustration on the part of the SGPWA, and that it is an uncertain planning year. If the Pass Agency is looking to make water deals, the hydraulic constraints will be a factor. Jagers said he is uncomfortable making a decision given such unknowns. He believes the SGPWA is considering additional water deals. He said he is not opposed to buying additional water, but the BCVWD must raise its rates.

In response to Director Williams, Mr. Jagers explained that the water order is placed by the SGPWA on Sept. 1 each year. He detailed some of the delivery constraints. VP Slawson asked about the status of the District's rate study; Mr. Jagers said it is expected to be completed near the end of this year and will include requirements of the recycled water MOU. He expects the average household will pay approximately \$7 per month additional based on the SGPWA rate increase.

10. Consideration and Review of Additional Costs related to BCVWD's Design of the Noble Creek Recharge Facility Connection to Master Drainage Plan Line 16

General Manager Jagers reminded the Board that this was discussed at the last meeting and information is still awaited from the Riverside County Flood Control and Water Conservation District. He expects costs between \$40,000 and \$50,000.

11. Update: Status of District Wells, Capital Improvements, and Engineering Projects

Mr. Jagers advised there is a report included with the agenda packet. There were no questions from the Board.

12. Update: Legislative Action and Issues Affecting BCVWD

There are few new items on the written report, indicated Mr. Jagers. There were no questions from the Board.

13. General Manager's Report

Mr. Jagers reported there are a few candidates for the Civil Engineering Assistant position and he is hopeful there will be a hire to assist with recycled water activities and others. As is typical of each summer, the District has hired two engineering interns. He detailed several projects that are moving forward including the Potrero Bridge pipeline.

Staff is going to submit the Comprehensive Annual Financial Report for 2018 for an award and will continue increasing the transparency of the District.

14. Topics for Future Meetings: None.

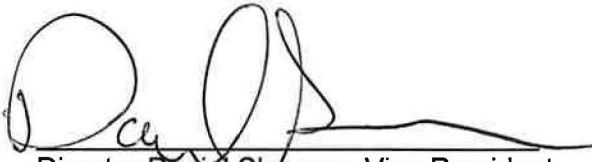
15. Announcements

Vice President Slawson read the following announcements:

- Finance and Audit Committee meeting: Wednesday, July 3, 2019 at 3:00 p.m.
- Collaborative Agencies Committee meeting: *No meeting in July*
- Regular Board Meeting: July 10, 2019 at 6:00 p.m.
- Personnel Committee meeting: July 22, 2019 at 5:30 p.m.
- Engineering Workshop: July 25, 2019 at 6:00 p.m.
- Beaumont Basin Watermaster Committee Meeting: August 7, 2019 at 10 a.m.

16. Adjournment

Vice President Slawson adjourned the meeting at 8:17 p.m.



Director Daniel Slawson, Vice 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