



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Wednesday, September 11, 2019 at 6:00 p.m.**

Call to Order: Vice President Slawson

Vice President Slawson began the meeting at 6:05 p.m.

Pledge of Allegiance: Director Ramirez

Director Ramirez led the pledge.

Invocation: Director Hoffman

Director Hoffman gave the invocation.

Roll Call:

Directors present:	Hoffman, Slawson, Ramirez
Directors absent:	Covington, Williams
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Senior Engineer Mark Swanson, Administrative Assistant Erica Gonzales, Senior Finance and Administrative Analyst Bill Clayton
Legal counsel:	Tilden Kim

Members of the public who registered their attendance: Julio Morales of Urban Futures; Fran Flanders, Dr. Blair Ball, Lloyd White, Peggy McClung, April McClung, Thomas Medina and Norma Medina.

Public Comment:

Ms. Peggy McClung of 330 Elm Avenue spoke about water access for residents on Elm Avenue, related to the agenda item heard on August 22, 2019. She noted concerns regarding uninterrupted water access and advised of an outage on August 22 due to a broken line. She noted the potential for another line break upon construction of a wall. The residents of the area intend to stay, she indicated. She asked about the impact on water pressure of a larger line to service the applicant. She said she favored the placement of the water line along Elm Avenue to the front of the properties, as the area continues to develop and there are no fire hydrants on the street. Residents are fearful that their water access will be affected, she concluded.

Mr. Thomas Medina of 240 Elm Avenue suggested routing the water lines as should have been done years ago when the alley was eliminated. He indicated that the

outage that occurred last week is bound to happen again and implored the District to route the lines down Elm Avenue.

ACTION ITEMS

1. Adjustments to the Agenda: None.

2. Consent Calendar:

The following Consent Calendar items were approved with one motion:

- a. July 2019 Budget Variance Report
- b. July 31, 2019 Cash/Investment Balance Report
- c. August 2019 Check Register
- d. August 2019 Invoices Pending Approval
- e. Minutes of the Regular Meeting of June 27, 2019
- f. Minutes of the Regular Meeting of July 25, 2019
- g. Minutes of the Regular Meeting of August 14, 2019
- h. Minutes of the Regular Meeting of August 22, 2019

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

3. Presentation by Financial Consultant Urban Futures Incorporated and Consideration of Other Post Employment Benefit (OPEB) Recommendations

General Manager Jagers explained this analysis is part of the rate setting process. Director of Finance and Administration Yolanda Rodriguez indicated the District desires to understand its liabilities related to Other Post-Employment Benefits. She noted the only current District liability is medical benefits for retirees and introduced Mr. Julio Morales of Urban Futures.

Mr. Morales noted that pension and OPEB are the largest issues that most agencies face. Urban Futures, he said, works with each agency to explain actuarial valuations. He gave some background on California pensions and impacts of legislation, investment losses, 2008 recession, Cost of Living Adjustments, contribution policy, and increasing life expectancy.

For all employees, the District will owe \$9.5 million and \$7.5 million with Cal PERS, funded at about 78 percent, leaving \$2 million in current unfunded retirement costs as determined by the actuary, Morales explained. Typically, he continued, 85 to 90 percent funded would be preferred, with a target of 100 percent.

BCVWD contributes a flat \$474 per month per retiree toward OPEB, which is a good policy, Morales commented. He reviewed costs including payments to Cal PERS for current employees. Director Hoffman asked whether those payments were earmarked for BCVWD. Mr. Morales explained that each Cal PERS member has a discreet account. In reality, he said, Cal PERS actuaries manage liability, and others manage the investment side independently.

In response to Director Hoffman, Mr. Morales indicated the liability projection is a combination of the current and retired employees based on what employees and retirees have earned to date. Although BCWVD is 78 percent funded, and the California average is 70 percent, there is still room for improvement, Morales suggested.

Morales summarized the Unfunded Actuarial Liability (UAL). The District pays \$259,000 per year in normal costs for current employees, and a UAL payment of \$136,000 for experience and adjustments. Retiree medical costs are addressed on a Pay-as-you-Go (PAYGO) basis, Morales noted. Ms. Rodriguez added that for 2019, payments will be \$28,440. Mr. Morales said this is a common practice.

Morales explained the variables in Cal PERS calculations and showed an actuarial model for a series of 14 loans which shows that BCWVD owes \$136,421 in 2019-20 and next year will owe \$250,000. These are fixed payments, he said, for pass-through liabilities for the service credit earned to date. Director Hoffman confirmed the District is obligated to pay the full amount on the loan.

In response to Director Hoffman, Mr. Morales agreed this is a dynamic process which varies as the District gains or sheds employees. Each year, there is a new base of loans, he explained. The District must continually revisit the scenario each year to address the liability. Director Ramirez asked about payment projections; Mr. Morales explained they are fixed dollar payments, like a past due bill, in addition to the payments sent for current employees.

Morales touched on medical inflation and noted the District is already making the recommended fixed dollar contribution. Director Ramirez asked about retiree medical. Ms. Rodriguez explained that the District contributes a flat \$474 per retiree toward the cost of medical benefits. The District pays 100 percent of the premiums for active employees, Ms. Rodriguez noted, and Mr. Morales added that \$474 comprises approximately 35 percent of an individual retiree premium.

BCWVD is fiscally conservative and in a good position, Morales stated. He recommended establishing a pension funding policy to assure there is a plan. He stressed coordination with the rate study to document the liability and made suggestions for addressing it. He explained different options for paying down the liability.

Director Ramirez asked Mr. Morales about other agencies' situations with retiree medical, and Mr. Morales noted that BCWVD is in a much better, more conservative position. He also said the BCWVD pension is better funded than most.

Mr. Jagers said that there are many challenges to work through and there is significant action in the background in working through the rate study.

4. Consideration of the Association of California Water Agencies (ACWA) 2020-2021 Region 9 Board Ballot

General Manager Jagers explained the ballot.

Director Slawson nominated Phil Rosentrater for Chair and Joseph Kuebler for the Board. Director Ramirez nominated Harvey Ryan for Vice Chair, and Luis Cetina and James Morales for the Region 9 Board.

5. Consideration of Attendance at the Association of California Water Agencies Region 9 Tour and Program: Securing Future Water Supplies & Cultivating the Next Generation of Water Professionals

General Manager Jaggars explained the Region 9 tour program. He reminded the Board there has been much discussion of water supplies and this program would offer third party information. He reviewed costs.

Directors Hoffman, Ramirez and Slawson indicated interest. General Manager Jaggars indicated that staff would follow up with an email to all Board members.

The Board authorized attendance of the members of the Board and staff at the Association of California Water Agencies Region 9 Tour and Program: Securing Future Water Supplies & Cultivating the Next Generation of Water Professionals in Rancho Cucamonga on October 10, 2019 by the following vote:

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

6. Reports For Discussion

a. Ad Hoc Committees: None.

b. General Manager:

Mr. Jaggars updated the Board on District activities. The Well 3 rehabilitation is complete with upgraded pump pedestal, and the pump should be reinstalled next week, he said. Work is moving forward on three wells in Edgar Canyon, Jaggars advised. A pond failure occurred at the Noble Creek Recharge Facility, he explained, and it has been restored. Staff believes that pond damage was caused by ground squirrels, he said, and described the repairs.

Mr. Jaggars advised the Board that production is down by 980 acre-feet (AF) due to wet weather and continued conservation habits. Production in Edgar Canyon increased by 83.94 AF over last year, he reported.

The San Gorgonio Pass Water Agency has reduced the flows to BCVWD's recharge facilities due to upstream hydraulic constraints, Jaggars noted. In August, delivery averaged about 20.6 cfs. The SGPWA has indicated this should increase into the cooler months.

Recharge activity to date, Jaggars said, is almost 9,000 AF to the Beaumont Basin. He expects it to be in the 13,000 to 14,000 AF range by the end of December.

Jaggers said there should be significant activity to report related to the SGPWA participation in the Sites Reservoir in the next couple of months. Funding activities are to be decided in October or November, he said. He may ask SGPWA General Manager Jeff Davis to report again to the BCVWD Board on Sites participation. Jaggers reviewed the 2019 schedule of activities which shows participation agreements in October and November and pointed out the Governor's Water Resiliency Portfolio.

Mr. Jaggers also noted SGPWA expenditures for the Noble Creek connection expansion including the Department of Water Resources review deposit of \$60,000. Since only \$3,000 was expended, it is hoped there will be a refund, he said. He reminded the Board of damages experienced by BCVWD related to the expansion work and advised the Board that, as discussed previously, the BCVWD President reached out to the SGPWA President, however communication has not yet taken place.

General Manager Jaggers indicated that the public relations consultant has addressed a lot of things in the proposal. He advised the Board that there was a request from Director Ramirez for establishment of an ad hoc committee. This will be on the next agenda for the president's consideration along with an update from CV Strategies. CV Strategies prepared a list of items outside the scope of work and Mr. Jaggers stressed the management of costs while working to achieve targets.

Jaggers indicated that he wrote a press release last week about PFOS and PFAS (perfluorooctanoic acid and perfluorooctane sulfonate), and CV Strategies is working to get it out. The news has reported that wells are being shut down due to these chemicals, and he said he wanted to be sure that customers know that BCVWD wells have been tested and levels were non-detectable. Assistant Director of Operations James Bean attended a Water Re-Use Committee meeting recently and it is a hot topic with recycled water.

c. Directors' Reports:

Vice President Slawson reported that he attended the San Geronio Pass Regional Water Alliance meeting which meets every other month. The group is struggling to meet with Riverside County Supervisor Jeff Hewitt to find out about the bank account and other items. Mr. Jaggers explained that a payment process snag regarding the website for the Alliance is being addressed.

d. Legal Counsel Report: None.

7. Announcements

Vice President Slawson read the following announcements:

- Personnel Committee meeting: Sept. 23, 2019 at 5:30 p.m.
- Engineering Workshop: Sept. 26, 2019 at 6:00 p.m.
- Beaumont Basin Watermaster Committee Meeting: Oct. 2, 2019 at 10:00 a.m.
- Finance and Audit Committee Meeting: Oct. 3, 2019 at 3:00 p.m.
- Regular Meeting: Oct. 9, 2019 at 6 p.m.
- Engineering Workshop: Oct. 24, 2019 at 6:00 p.m.
- Collaborative Agencies Committee Meeting: Nov. 6, 2019 at 5:00 p.m.

- District Offices will be closed on Mon., Nov. 11 in observance of Veterans Day
- Association of California Water Agencies Fall Conference: Dec. 3-6, 2019

8. Action List for Future Meetings

- Water supply for BCVWD and the region
- CV Strategies update on activities (September 26 and October 9)

9. Convened in Closed Session: 7:47 p.m.

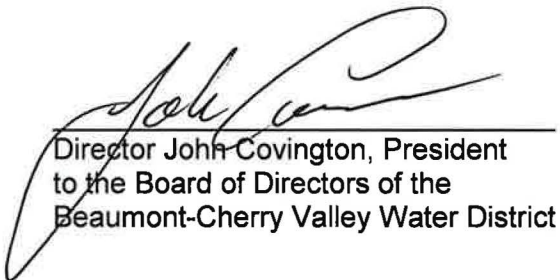
- a. CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation
Pursuant to Government Code Section 54956.9(d)(4)
One Potential Case

Reconvened in Open Session: 8:02 p.m.


Report on Action Taken During Closed Session:

No reportable action was taken.

10. Adjournment: 8:02 p.m.



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

ATTEST:


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