



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF REGULAR MEETING – ENGINEERING WORKSHOP
OF THE BOARD OF DIRECTORS
560 Magnolia Avenue, Beaumont, CA 92223
Thursday, February 27, 2020 at 6:00 p.m.**

Call to Order: President Covington

President Covington began the meeting at 6:13 p.m.

Director Williams led the Pledge of Allegiance.

Invocation was given by Director Ramirez.

Roll Call:

Directors present:	Covington, Hoffman, Slawson, Ramirez, Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers, Director of Finance and Administration Yolanda Rodriguez, Senior Engineer Mark Swanson, Administrative Assistant Erica Gonzales, Assistant Director of Operations James Bean, Senior Finance and Administrative Analyst William Clayton, Engineering Assistant Daniel Baguyo, Customer Service Representative III Sandra Delgadillo, Accountant III Lorena Lopez, Production Maintenance Worker Dustin Smith and Water Utility Person I Clayton Kitchen
Legal Counsel	James Markman

Members of the public who registered their attendance: M. Birchard, Steve Lehtonen, Tom Hamerla, Dr. Linda Martinez, Glen Dye, Armando DeLaCruz, Crys Hardy, Jason Pritchard, Eydie Boal, James Dodaro, Paula Corcoran, Melvin and Beylah Stokes.

Public Comment:

Mr. Brock Davingo asked the Board if the District intended to core sample and dig in the next six months to determine if levels of hexachromium and/or tetrazine are acceptable. President Covington acknowledged and referred the question to staff. Mr. Davingo suggested taking the advice of an expert and doing core samples. Mr. Davingo submitted his contact information to the General Manager.

There were no adjustments to the agenda.

- 1. PUBLIC HEARING: Resolution 2020-04: Amending Part 5 of the District's Rules and Regulations Governing Water Service Rates, Fees and Charges and Establishing a New Water Rate Structure and Water Rates and Consumption Charges Effective March 1, 2020 and Rescinding Resolution 2010-09**

President Covington introduced the item and explained the Public Hearing procedure. He reminded the attendees about the Town Hall Meeting on February 20, which was not a meeting of the Board, and was informal. The Board is committed to being here as long as it takes to hear all comments and questions, Covington assured.

President's Remarks

President Covington highlighted some of the issues raised at the Town Hall:

- **Proposition 218 process:** This measure was approved by the voters in 1996. The study prepared by Raffelis utilized the principles set forth in the American Water Works Association (AWWA) M1 Manual which meets the threshold of Proposition 218. Pass-through costs are not part of the overall rate study. It is identified in the rate study, but is not a function of the consumable rate. The District hired CV Strategies to assure compliance with required public notification and outreach was prepared through social media, publications and website enhancement.
- **Budget and Capital Improvement Plan:** District staff, the Finance and Audit Committee and the Board of Directors review the budget each year to assure preparedness for the next year. The Board approves the Operating Budget each December. As generally identified, revenue is largely comprised of water sales and fixed charges, while expenses are generally salary and benefits, purchase of imported water, and operation and maintenance of the system. It also includes the ten-year Capital Improvement Plan, which is funded through depreciation. Projects are completed as funding is available. This is replacement of existing infrastructure, not that for which developers were obligated to pay or install. Examples include pipeline replacement projects, IT network, automated meter reading, well and reservoir rehabilitation, and vehicle and equipment replacement. The District holds a Finance and Audit Committee meeting on the first Thursday of each month at 3 p.m. that is open to the public.
- **Wages and Benefits:** In 2017, the Board of Directors hired a consultant to perform a compensation study that identified several deficiencies in the District's labor force. The goal was to establish a competitive salary and benefit package to help retain and recruit educated employees. Prior to 2017, the District experienced a revolving door on a regular basis. The study indicated that the District was underfunding base salaries from 13 to 24 percent, and combined salaries and benefits were underfunded by 12 percent. The board approved the study which recommended that the compensation adjustments be implemented over the course of three years.
- **Prior 2010 Rate Study:** Approved by the Board in 2010, this allowed a rate increase from 2010 through 2012, meaning the last year that any adjustment was made to water bills was December 2012, except pass-through costs.
- **Public Notification of the 2019 Rate Study**
- **Financial Health of the District:** The District amended and adopted a reserve policy in 2010. The District is currently debt-free with no loans and there are not many public agencies that can make such a statement.

Developer Impact Fees (DIF) are also under study to assure collection of current costs. The District has had a clean, unmodified audit for more than a decade. Prior to late 2017, the District return on investment would be \$200,000 to \$300,000. Since then, the District moved its monies into a different CalTRUST fund and has since earned well over \$1 million per year. The District also received the Certification of Achieving Excellence in Financial Management in December 2017 from the Government Finance Officers Association. Additionally, the District expects to receive a Budget Excellence Award from the California Society of Municipal Finance Officers. The District hired a grant writing consultant in November 2018. Applications have been submitted for recycled water facility improvements, and automatic meter reading (AMR). To date the District has spent \$48,000 on the consulting firm and has received \$1.5 million in grants.

Public Hearing Opened

President Covington declared the public hearing on Resolution 2020-04 open at 6:32 p.m.

Recording Secretary's Report

Director of Finance and Administrative Services Yolanda Rodriguez, Recording Secretary, advised that the Notice of Public Hearing was published in the Record-Gazette on Friday, February 14, and Friday, February 21 and was also posted at the District office plus ten additional places in the community and on the District's website and social media as of January 13, 2020. The Notice was also mailed to 22,140 customer and owner addresses of record, Rodriguez stated.

As of 6 p.m. this evening, Rodriguez reported, 47 written protests have been received. No Public Hearing Notices were returned as undeliverable by the post office, and no letters in support of the Resolution have been received. Ms. Rodriguez advised that a majority protest does not exist.

Legal Counsel Report

District legal counsel James Markman provided background on the rate setting process and notice requirements. Mr. Markman confirmed there is no majority protest and reiterated it has been seven years since adoption of the last rate increase. The potential rate increase first came to the attention of the Board when staff presented it in March of 2019, where it was decided that based on the District's budget and revenue needs, that the District would have a third party conduct a rate study. On May 8, 2019 a contract was awarded to Raffelis to perform the study. From July 20, 2019 to this month, there were ten separate Facebook postings regarding the ongoing water rate study, Markman continued.

On October 17, 2019, there was a Board workshop on the preliminary water rate study, Markman explained. Findings were stated and suggestions were made regarding a rate increase. At a special Board meeting on November 5, 2019 the Board was informed about tiers and discussed Town Hall meetings. On December 18, 2019, the rate study information, findings and recommendations report was submitted to the General Manager, and on January 7, 2020, the Resolution of Intent was adopted, Markman reminded the Board. On January 13, 2020, he continued, the Proposition 218 notice was mailed to customers, posted on the website and Facebook page, and

advertisements placed in the Record Gazette, and on February 20 there was a Town Hall Meeting as identified in the Notice. There has been a substantial mass of public activities and notices bringing the Board to this point; far more than legally required, Counsel Markman concluded.

Raftelis Financial Consultants presentation

Mr. John Wright with Raftelis Financial Consultants introduced himself and colleague Lauren Devine. President Covington noted there are handouts available in the back of the room and thanked the audience for taking time to attend.

Mr. Wright described the rate study process and how the District and Raftelis developed the proposed rates.

The District has approximately 18,000 customers; the majority are single family residential, Wright said, and pointed out that the District is funded entirely by rates. The money received from rates is used to pay its ongoing operating costs and capital improvement expenditures that are not growth-related, he said. The District is an enterprise fund; it does not receive money from taxes.

The rate increase is needed, Wright continued, due to significant increases in costs: the Consumer Price Index has increased more than 15 percent since 2012. The District incurs costs not only for operations and capital improvements, but also water supply and electric power costs. In 2019, there was a 26 percent increase in the cost of State Project Water, he added. The District has not been able to achieve a level of revenue to keep pace with the proportionate increase in operating expenses, he explained. The District has capital replacement costs, totaling \$36 million for the upcoming five-year period, Wright said.

The purpose of the rate study was to develop a financial plan to assure the financial sustainability of the District, Wright continued. The key issues were level of additional rate revenues needed, an adequate level of cash reserves and to what extent should the District be using debt funding, he explained.

Wright advised that after establishing the financial plan, Raftelis performed a cost of service study analysis to determine how much each individual customer class should be paying. In California, water rate studies must comply with Proposition 218, and the agency cannot collect rate revenues in excess of what is really needed, Wright explained. The rates paid by any customer class may not exceed what it costs the District to provide the service, he said, which is the basis for the cost of service study.

Step 3 is the development of rates to recover the required amount of revenue, Wright continued. He detailed the financial planning process, and explained standards used for the cost of service study. Wright explained the data used to distribute costs to customer classes to determine revenue demand. Revenue recovery from each class is determined via volumetric (commodity) rates based on how much water is used, and a monthly fixed charge (meter service charge) which is paid regardless of actual usage, Wright noted.

As a result of the study, Raftelis made recommendations to the District, Wright said:

1. Update the District's bi-monthly fixed charges
2. Modify the volumetric rate structure for single family residential customers, using three tiers
3. Maintain uniform rates for multi-family customers, non-residential and irrigation customers
4. Achieve a split of revenue recovery that is 25 percent fixed and 75 percent volumetric to provide revenue stability

Wright contrasted the current system to the Raftelis recommended three-tier structure. Wright explained the three recommended tiers. Tier 1 includes 0-16 hundred cubic feet (hcf) every two months at 66 cents per hcf. This encompasses all indoor, non-discretionary water use, he said. The second tier is 81 cents per hcf for normal outdoor irrigation usage, and Tier 3 at 1.36 per hcf to recover the costs imposed on the system by high volume users and to send a conservation price signal.

Raftelis also developed drought rates, Wright explained, to apply when the Department of Water Resources or the Governor's office requires utilities to curtail water usage. Since the majority of costs on a water system are fixed, in a curtailment situation mandated by the state, costs stay the same but revenue levels decrease, leaving utilities in a situation where not enough revenue can be recovered to sustain operations. Drought rates apply in different stages as mandated by the state, Wright noted.

In order to keep rates as low as good service allows, the District is using cash reserves to help pay for capital improvement expenditures and is spreading out its infrastructure projects over a longer time horizon, Wright stated. He said the capital improvements included in the District's financing plan are actually only 75 percent of the required capital improvements based on engineering analysis. This rate increase, therefore, does not finance 100 percent of the required projects, Wright explained. This is another thing the District is doing to try to keep rates as low as possible.

Moving from a two-tier to a three-tier system means that low consumption customers pay less for non-discretionary indoor water consumption, Wright said. He indicated that the impact to the average customer's bi-monthly bill would be approximately \$5.57 more.

Staff comments

General Manager Dan Jagers pointed out the comparison of rates and directed attention to the handout showing the full implementation of the rate study. He also reiterated that the District has some capital reserves that paid down the initial start of facilities replacements on the system that services existing customers. This includes two wells that have reached the end of their service lives at a cost of more than \$10 million. Only 75 percent of that capital is recovered in this rate structure, he reminded.

Mr. Jagers explained restricted funding known as Development Impact Fees (DIF), and capital reserve replacement which funds the existing system serving the existing ratepayers. New development pays a component which goes to pay for capital facilities required to support the growth, he added. Existing customers are not paying for the new growth activities, Jagers posited.

Pass-through costs

Counsel Markman explained the pass-through charges, which are not represented in the rate presentation. The State legislature has provided that if dependent on wholesale (imported) water, any imported water rate increases are automatically proportionally passed through to the ratepayers, as this is not within the District's control. Customers may have seen some rate increases with that happening recently, Markman added. This rate increase tonight will not include the increasing costs of imported water, he clarified. President Covington suggested most customers may not understand where the water comes from and the recharge activities.

Mr. Jagers advised the group of the District's Noble Creek Recharge Facility and explained this is where purchased imported state water supply is recharged to the groundwater aquifer as required by a judgment to balance the groundwater basin. It is pumped back out to serve approximately 75 percent of supply needs along with other sources. The imported water is purchased from the San Geronio Pass Water Agency (SGPWA) which increased its rate in April 2019 from \$317 per acre-foot (AF) to \$399 per AF, Jagers explained. Because the District's rates were last considered in 2010 and expired in 2015, the District was unable to adjust the pass-through, which is a significant reason for the rate study as it significantly changed the landscape of the District's costs.

The District, Jagers continued, is in a deficit situation until a rate study is adopted. Whatever is not recovered today must still be recovered, Jagers noted, as the District does not receive tax revenue and funds activities on a pay-as-you-go basis, and water use pays for all operational activities. The other component of pass-through is Southern California Edison costs. The annualized cost over time is passed through directly and this has not been adjusted since 2012. These costs represent approximately \$8 million of the budget, Jagers stated.

President Covington added that for every gallon of water the District pumps from the adjudicated Beaumont Basin, a court order obligates the District to put it back in the ground.

Public comment

President Covington called for public comment.

Ms. Eydie Boal advised that she had not understood the water process and coming to the meeting was a real eye-opener. She opined that one week to gather approximately 9,000 protest letters is not enough time. At least three or four months are needed, she said. She noted that construction has been occurring for 20 years and is continuing and asked why the District has not kept up with putting in more wells. People who have lived here for 30 or 40 years are now paying for all these new homes as it was not foreseen how much water would be used. She noted that people on a fixed income could be hurt but said she appreciated the information supplied.

Counsel Markman addressed Ms. Boal's question about the time period for a majority protest. If the rate did not go up, would the District be working at a deficit each month, Boal asked. Mr. Markman indicated that in such a case, all the reserves would go into operations and the capital improvement program stops for a while, resulting in a big infrastructure deficit and eventually a bond issue to try to catch up with the infrastructure needs. It is not good; he opined.

Ms. Boal suggested sending out a simplified Raftelis study so people could understand why their water is going up. She said she appreciated the effort in teaching the ratepayers about what is really going on.

Mr. Jim Dodaro directed attention to Table 1-5 on page 21 of the rate study. He indicated that over a four-year period the rate is increased to \$1.83 which is higher than any of the rates such as fire services. He also suggested that the statistics used to gather information about individual homes does not eliminate people who are not within the normal range of usage, such as 16 units of use. Irrigation is more water conservative, he pointed out. He requested re-evaluation of the number of units per month and suggested 40 to 50 units would be more appropriate for an average four- or five-bedroom home. He also said he expected the top tier for construction to be in the \$2.50 to \$3 range.

Staff response

General Manager Jagers noted the construction rate was based on average use and peaking cost, which is set forth in the AWWA M1 manual. Jagers explained the calculation of the 16 units equates to about 200 gallons per day. Interior water use was considered and averaged across the whole system, Jagers explained. He pointed out the State's coming mandates for 50 to 56 gallons per person per day and advised that as it is implemented, the District has a responsibility resulting in a penalty for not meeting the state's requirements. Staff believes this is the best approach for the District, he said.

Jagers noted that a significant number of new wells were built by developer deposits in the early and mid-2000s. Those wells and reservoirs that were needed to support further development were funded by developers, not ratepayers. The recharge facility was also funded by the development community, he added. These are funded via fees collected on each new house, he explained.

Mr. Jagers explained that the rate setting process was discussed several times in Board meetings and the District hired a public relations firm to try to get the message out. The final notice is the flyer required by Proposition 218, he noted, and that has a certain time frame, he stated.

In response to Director Ramirez, Mr. Jagers indicated the annual replenishment need for imported water is approximately 9,400 AF. Overall usage is approximately 12,500 AF.

Director Hoffman touched on the issuance of Will-Serve Letters (WSL) for new development in the face of inadequate water supply. Mr. Jagers indicated the duty of the water district is to ascertain the water supply condition, to assure the groundwater basin is not over drafted and to plan for the future. All districts in the region have relied on imported water supply, Jagers noted. The District determines if there is water available and at what cost, and whether it can be provided. At the moment, water has been identified to augment the supply but if California's planned improvements such as the Bay-Delta tunnel and Sites Reservoir do not happen, and conservation does not continue to increase, there is a finite limit which will be attained someday, Jagers said. The law requires the district to project 20 years in advance, he explained, and detailed water storage activities and recycled water potential.

Counsel Markman added that if a property owner in the District wants water service, they are entitled to get it, and the developers are entitled to WSLs until the time the District can have a hearing and establish a moratorium as there is no more water to serve to others. There have been times in the past that was discussed at this District, Markman reminded, but the Urban Water Management Plan has always identified enough water to provide the service. It is a right to get service unless they literally cannot be served water, Markman indicated. State legislation on land use is taking discretion away from cities and counties and creating pressure across the state to build new housing, he added.

Last call for protest letters

President Covington asked if there were any further protests received. Ms. Rodriguez confirmed the total of 47. President Covington acknowledged there is no majority protest.

The Public Hearing was closed at 7:42 p.m. by the following vote:

MOVED: Ramirez	SECONDED: Slawson	APPROVED 5-0
AYES:	Covington, Hoffman, Ramirez, Slawson, Williams	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	None.	

President Covington called for a Roll Call Vote on the following motion:

The Board adopted Resolution 2020-04: Amending Part 5 of the District's Rules and Regulations Governing Water Service Rates, Fees and Charges and Establishing a New Water Rate Structure and Water Rates and Consumption Charges Effective March 1, 2020 and Rescinding Resolution 2010-09 by the following vote:

MOVED: Slawson	SECONDED: Hoffman	APPROVED 4-0-1
AYES:	Covington, Hoffman, Slawson, Williams	
NOES:	None.	
ABSTAIN:	Ramirez.	
ABSENT:	None.	

2. Award of Contract for the 9th Street and 11th Street Pipeline Replacement Project

General Manager Jagers reminded the Board this is the project related to the City of Beaumont (City) paving project on Beaumont Avenue and slurry activities along 11th Street. The District has facilities within the right-of-way of Beaumont Avenue that require replacement prior to the paving. The original proposed project was estimated at \$500,000, but after staff received and analyzed the City's plans it was determined there were services that could be replaced within the District's budgeted operations costs. Staff has removed and replaced 11 or 12 services.

In January, the City provided plans for construction of an alley east of the post office between 9th and 10th Streets, Jagers continued, and staff determined to

abandon a 2-foot deep pipeline and will be affected by the reconstruction of the alley. Field staff began relocation of the line and has installed new services to the right-of-way on Magnolia Avenue and Beaumont Avenue and have connected several houses on Magnolia. Using staff has mitigated the \$500,000 expenditure.

The next step, Jagers continued, is to move forward with the two pipeline replacements. The plan is to provide the materials such as was done on 8th Street a few years ago, with the contractor providing labor and installation, and responsibility for traffic control.

Two bids have been received for the labor component of the installation, Jagers explained. The low bidder was Merlin Johnson for a total project cost of \$112,688 including contingency. District staff reached out to local area contractors to ask if they were interested in bidding, but no others were received. Jagers explained the additional cost centers, materials expenses and contingency totaling \$63,320.

The District will also be responsible for paving on 9th and 11th Street and the local area paving contractor under contract for the District estimated \$41,466, Jagers added.

The total requested for authorization is \$217,479, Jagers stated, which is in line with staff's last year estimate, indicating the District's methodology is sound. He recommended award of the contract and noted that the City has indicated a start date of early March and the District would like to be ahead of this work, making it appropriate to contract this out.

President Covington clarified the cost components. Director Ramirez asked if the bid included mobilization; Jagers said the bid sheet included mobilization, insurance and similar usual items.

The Board authorized the General Manager to enter into a contract with Merlin Johnson Construction, Inc. for an amount not to exceed \$112,688 (including contingency) to provide labor and construction equipment, and testing necessary to install approximately 600 linear feet of District furnished pipeline, materials and appurtenances in 9th Street and 11th Street, west of Beaumont Avenue, and authorized the expenditure of \$104,791 of additional funds (including contingency) to furnish materials for installation (pipe and appurtenances) and associated project testing for a total authorized project amount of \$217,479 by the following vote:

MOVED: Ramirez	SECONDED: Williams	APPROVED 5-0
AYES:	Covington, Hoffman, Ramirez, Slawson, Williams	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	None.	

3. Resolution 2020-05: Approving a Memorandum of Agreement for the Creation of the Coordinated San Timoteo Groundwater Sustainability Agency (GSA) and rescinding Resolution 2019-14

General Manager Jagers explained this document was approved as presented by the Board on November 13, 2019. One of the agencies noted that the group is

not required to conform to the public hearing requirements of the Sustainable Groundwater Management Act (SGMA) as this is a low priority basin, and a modification was suggested to the public hearing requirement in order to ease the process. All the members agreed, and the adjustment is reflected on page 113, Jagers noted, with the removal of compliance with Government Code 6066.

Staff believes this is a reasonable request and the document is now in front of the Board again, Jagers said. President Covington pointed out this is a gray area in the establishment of a GSA and asked if legal counsel had reviewed and if staff had spoken to the Department of Water Resources. Legal Counsel Markman opined that the document is acceptable as presented.

In response to Director Ramirez, Mr. Jagers pointed to page 114 and explained the areas of the watershed. The idea is to parallel efforts to manage the sub basins. The thought of the group is that the basins have some hydrogeologic boundaries, Jagers explained, and geologic subsurface conditions. If the San Timoteo groundwater basin is ever re-prioritized to a higher level, the management strategy has already begun collectively, Jagers noted, and the area is ahead of the curve.

The District's master plan includes activities with extraction wells, Jagers continued. There are stakeholders in the area with the ability to withdraw, and the group wants to be prudent stewards of the watershed with a coordinated management strategy. Jagers also noted the opportunity to manage the basin given any leakage and agreed with Ramirez that the District has maximized its boundaries.

President Covington asked Mr. Jagers if he anticipated a groundwater sustainability plan (GSP) for the area; Mr. Jagers said the intent of the work is to create a framework in case of a GSP, but he does not anticipate a formal GSP.

The Board adopted Resolution 2020-05: Approving a Memorandum of Agreement for the creation of the Coordinated San Timoteo Groundwater Sustainability Agency and rescinding Resolution 2019-14 by the following vote:

MOVED: Williams	SECONDED: Slawson	APPROVED 5-0
AYES:	Covington, Hoffman, Ramirez, Slawson, Williams	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	None.	

4. Opposition to AB 2093 (Gloria): Public Records: Writing Transmitted by Electronic Mail: Retention

General Manager Jagers explained the Assembly Bill which would provide for retention of electronic mail for two years. He noted that Counsel Markman is aware and reminded the Board this was discussed previously. Staff recommends the Board consider a letter of opposition as requested by the California Special Districts Association.

The District is not interested in retaining emails such as sales pitches or spam, but the requirement may be triggered by anything that mentions water district or water supply. If it is not related to District business, the District does not want extraneous

materials being stored electronically, as ultimately it will clog all of the local and online storage.

Counsel Markman indicated the problem is this does not distinguish between an email and a phone call, so every email that comes in and solicits business from the District, which would normally be erased, now becomes a public record.

Director Slawson indicated opposition.

Note: Director Ramirez left the meeting at 8:02 p.m.

The Board approved the letter in opposition to AB 2093 (Gloria): Public Records: Writing Transmitted by Electronic Mail: Retention and directed staff to execute the letter and forward to the California Special Districts Association and designated elected officials by the following vote:

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

5. San Gorgonio Pass Water Agency 2019 Imported Water Rate

General Manager Jagers drew attention to information from the San Gorgonio Pass Water Agency (SGPWA). The rate adopted by SGPWA in 2019 proposed to collect a certain amount of cost associated with supply resulting in a rate increase from \$317 per AF to \$399 per AF. Actuals were recently presented to the SGPWA Board for 2019 and the projection for 2020 includes even more uncertainty, Jagers explained.

Jagers contrasted the projected costs with the actuals and noted the SGPWA collected more monies than what was proposed to collect and there is a positive balance of \$585,982. Jagers said the District contributed approximately \$500,000 as it purchased the bulk of the water supply in 2019. Staff identified this discrepancy and would like to see its monies moved forward to this year to avoid an adverse cost, as this is passed along to ratepayers.

Jagers explained the 2020 water situation and President Covington indicated it does appear there should be a credit.

Note: Director Ramirez re-joined the meeting at 8:05 p.m.

6. Review of Grading Water Letter for Ongoing Development Within Olivewood Master Planned Community (Tract 27971) located South of Oak Valley Parkway, North of Highway 60 and West of Potrero Boulevard

Senior Engineer Mark Swanson explained this grading operation is similar to one discussed by the Board last October and is set to commence shortly. The applicant, William Lyon Homes, is building 981 homes. Swanson pointed out the area of upcoming grading and noted there are additional building permits in process. The District had advised that wintertime is the best time for grading acuity

and the window is closing, but the District wants to do what is possible to assist in getting the project moving forward.

Swanson outlined conditions similar to a prior project and noted that Director Hoffman had requested updates to the Board regarding that other project.

This project has an existing well, so the District would be providing supplemental construction metered water, Swanson explained. If the District experiences issues with water supply, their use will be curtailed, he noted.

President Covington opined that the letter provided for Fairway Canyon was detailed and asserted the District's authority. Something similar would suffice, he said, as long as staff believes the water supply is available to cover both projects, as it seems they will both be going on at the same time.

General Manager Jagers added the developer has an active Will Serve Letter (WSL) and this is before the Board in case there are questions from constituents. The supply is interruptible if necessary, he reiterated. The letter is not before the Board for approval, but a copy will be provided.

Director Ramirez reiterated the importance of meter devices. In response to Director Hoffman, Jagers explained the well was constructed with the original project and was intended to provide all the grading water to the project, but it proved to have insufficient production capability. One of the District's conditions is to use the well as the primary source of supply. The well is located outside the Beaumont Basin so is not accounted for, Jagers responded, and Swanson added that the District will request production information.

7. Update: Grading Water for Fairway Canyon Master Planned Community (Tract 31462 - Phase IV) located Northeast of Oak Valley Parkway and Southwest of Interstate 10

Mr. Swanson reminded the Board that this was presented at the October 24, 2019 Engineering Workshop. Fairway Canyon had indicated some relatively large quantities of water daily, so the District analyzed any issues there may be regarding stress on the system to assure priority uninterrupted delivery to ratepayers.

Today, the developer has moved about 1 million yards of dirt and needs to move approximately 1.9 million more, Swanson explained. District staff reads the on-site meter and keeps record of what is being consumed, Swanson noted. Staff will stay in touch with the developer to understand where they are in the process. It is estimated to wrap up in about three months, he advised. Another update will come back to the Board.

Director Ramirez asked about stormwater capture. Swanson advised that this is a land planning point which the District does not control and said there is nothing like a recharge facility. Ramirez suggested sharing of designs with the City to improve stormwater capture. GM Jagers noted the City does not have the ability to go back and redesign and added that the area of San Timoteo Creek is saturated and there may not be recharge opportunities; other projects may have that opportunity and staff is reviewing.

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

There were no comments.

9. Update: Legislative Action and Issues Affecting BCVWD

There were no comments.

10. General Manager's Report

General Manager Jagers advised that the District has received a grant award of \$1.5 million toward the automatic meter reading infrastructure project. The total project budget in the Capital Reserve Replacement Plan is \$5 million. All new houses have installed these meters since 2015, he noted. A plan is being strategized. The project must be completed by February 2023. He explained the impact of the program.

Jagers updated the Board on the status of Well 3 and said has been returned to service.

The fencing along Cherry Avenue at the International Park Road boundary, Jagers explained, has been re-established along the District's property line. A passerby advised staff that the fence was cutting off the horse access from the east to the creek bed, however equestrians can still go around using the property managed through the lease agreement with the Beaumont-Cherry Valley Recreation and Park District.

The aging gate was replaced at the Cherry yard, Jager stated.

Staff is working with Flood Control to finalize the Master Drainage Plan Line 16 activity. Jagers advised that the project is increasing in cost by about \$2 million, mostly related to the storm drain design. Funding is being sought, and a 50/50 split is expected. Of note, the project as designed was \$3 million higher, and the District asked for a reevaluation resulting in a reduction of \$1 million.

Jagers explained that the fencing for Noble Creek Phase I is out to bid.

There is an executed contract for the block wall at Well 25, Jagers reported. The City of Banning co-shares the cost, but the bids received by Banning were higher than those obtained by BCVWD.

There is also a tank cleaning out to bid, and staff is looking at the landscape activity for the next year.

Staff will be significantly occupied with deploying the AMR/AMI meters over the next couple of years, Jagers warned. In advance of the project, staff will begin cleaning meter boxes to be ready for removal and replacement.

11. Topics for Future Meetings:

None.

12. Announcements

President Covington read the following announcements:

- Collaborative Agencies Committee meeting: Wednesday, March 4, 2020 at 5:00 p.m.
- Finance and Audit Committee Meeting: Thursday, March 5, 2020 at 3:00 p.m.
- Regular Board Meeting: Wednesday, March 11, 2020 at 6:00 p.m.
- Engineering Workshop: Thursday, March 26, 2020 at 6:00 p.m.
- Beaumont Basin Watermaster Committee Meeting: Wednesday, April 1, 2020 at 10:00 a.m.

13. Convened in Closed Session: 8:40 p.m.

- a. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54947
Title: General Manager
- b. CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation
Pursuant to Government Code Section 54956.9(d)(4)
One Potential Case

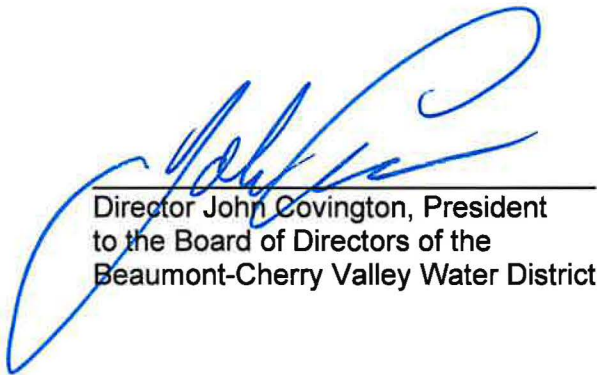
Reconvened in Open Session: 8:50 p.m.

14. Report on Closed Session

No reportable action was taken.

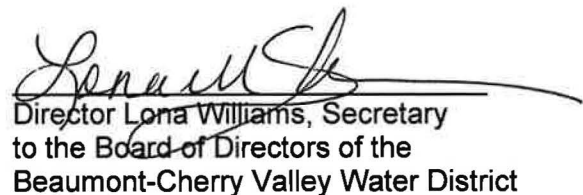
15. Adjournment

President Covington adjourned the meeting at 8:50 p.m.



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

ATTEST:



Director Lona Williams, Secretary
to the Board of Directors of the
Beaumont-Cherry Valley Water District