



BEAUMONT-CHERRY VALLEY WATER DISTRICT
560 Magnolia Avenue, Beaumont, CA 92223

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
Wednesday, July 8, 2020 at 6:00 p.m.**

***Meeting held via teleconference pursuant to
California Government Code Section 54950 et. seq. and
California Governor's Executive Order N-29-20***

Call to Order: *President Covington began the meeting at 6:00 p.m.*

Pledge of Allegiance: *Led by Director Ramirez*

Invocation: *Given by Director Williams*

Announcement of Teleconference Participation

Director of Finance and Administration Yolanda Rodriguez clarified that this meeting is conducted via teleconference pursuant to California Government Code Section 54953, and under Executive Order N-29-20 and N-33-20 of the Governor of California.

The teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting, pursuant to the Brown Act and the Governor's Executive Order. Under the Governor's Executive Order and the Gathering Guidelines of the California Department of Health due to the danger of COVID-19, the teleconference locations are not publicly accessible. The public's right to comment and participate in the meeting is being assured via teleconference capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will use sound discretion and make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to meetings.

Roll Call:

Directors present:	Covington, Hoffman, Ramirez, Slawson, Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Finance and Administration Yolanda Rodriguez Senior Engineer Mark Swanson Assistant Director of Operations James Bean

	Senior Finance and Administrative Analyst William Clayton Administrative Assistant Erica Gonzales
Legal Counsel	James Markman

Members of the public who registered attendance: None.

Director of Finance and Administration Yolanda Rodriguez verified that all members of the Board of Directors have indicated that they are able to hear the other directors clearly on the teleconference. No directors expressed any reason to believe, based on voice recognition or otherwise, that those persons representing themselves to be directors are not truly so.

Public Comment: None.

1. Adjustments to the Agenda: None.

Mr. Jaggars advised that handout materials are available on the District's website.

2. Consent Calendar:

Consent Calendar items a, b, c d, and e were approved with one motion:

- a. May 2020 Budget Variance Report
- b. May 2020 Cash/Investment Balance Report
- c. June 2020 Check Register
- d. June 2020 Invoices Pending Approval
- e. Minutes of the Regular Meeting of June 10, 2020

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

- f. Minutes of the Regular Meeting of June 25, 2020

Consent Calendar item f was approved by the following roll call vote:

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

3. San Geronio Pass Water Agency (SGPWA) and Sites Project Authority Phase 2 Participation Agreement and Associated Costs

General Manager Jagers introduced the proposed agreement for Phase 2B and reminded the Board of the presentation by Mr. Jeff Davis, General Manager of the SGPWA and the need to sign the agreement by September. This entails the move forward position for the next phase of participation in the Sites Reservoir, he indicated. Mr. Jagers advised that Mr. Lance Eckhart, new General Manager for SGPWA starts next Monday, and recommended discussion with him prior to execution.

Mr. Jagers noted that the agreement has been reviewed by legal counsel. If signed, the agreement indicates BCVWD's interest in the 4,000 acre-feet (AF) of the 14,000 AF of the SGPWA participation in the Sites Reservoir, which means a \$400,000 commitment. Monies have been collected from developers to fund these activities, he noted, and do not come from rate-based activity. Additional costs will be incurred as the project moves into construction, he noted, and drew attention to the future cost projections at \$2.8 million per year. A funding strategy needs to be discussed for that and with the SGPWA as to overall funding.

Jagers explained two components of payments due.

Counsel Jim Markman advised that he has one other agency in addition to BCVWD involved in the Sites Reservoir. He noted that the agreement cannot be changed, and observed that there is no guarantee as the process moves forward, particularly because BCVWD is piggybacking on the SGPWA, that they will continue or the project will be built, or that it will result in any particular amount of water or water rights or amount of water moving through the Delta. This is a joint venture by people knowing that they don't really control each other, he advised. SGPWA is also invested and BCVWD is piggybacking on the SGPWA since that agency has the entitlement. This is being done on faith, he noted, but this is the way it is working all around the state. He reiterated that there is no guarantee: if in the future the SGPWA changes its mind about it, or the project stops, or is stopped by litigation or any number of things. The hope is that the participants will end up with an entitlement to water that will last in perpetuity, he pointed out.

President Covington expressed concern that Mr. Markman had pointed out some factors going back to initial consideration in 2016. He noted that most agencies assume some level of risk should this project not be constructed in the future, and he noted his concern. While BCVWD is committed, he noted, there is no guarantee that the SGPWA Board will not just pull the plug leaving BCVWD with no recourse to recoup any of the money spent. He said he understands this is being done with some level of risk but indicated he feels confident the project will be built.

Director Williams also expressed concern about the District's investment if the SGPWA decided to pull out, and said she preferred to continue this item until a meeting with the new SGPWA general manager can assure that all are on the same page. Director Ramirez concurred.

In response to Director Hoffman, General Manager Jagers noted that he has not seen a plan from the SGPWA for moving forward, but said he is encouraged by the background of the new general manager who has experience with the Mojave Water Agency including water supply planning. He said he hopes they can quickly get to a point where the agencies are comfortable with each other and gain understanding of the true water supply needs for the region. Jagers said he would reach out early next week to Mr. Eckhart to initiate discussion. Based on water use and development in the basin, Jagers noted, he said it is too early to exit: the

water is needed. Hoffman concurred that more information is needed, and Board discussion should be continued. Director Slawson agreed.

President Covington pointed to the cost breakdown and the \$2.8 million for debt service activities and asked whether that is in addition to amounts already expended. The \$2.8 million in debt service is a yearly cost for the 4,000 AF of supply, Jagers explained. Since there are no guarantees, Covington added, the new agreement talks about the agency's obligation to the district and wondered at what point would some level of certainty be included to assure the District is not out funds based merely on a vote by the SGPWA Board.

Mr. Jagers explained there is opportunity for pay back on the investment if the Reservoir is fully subscribed. The SGPWA Board discussed potential opportunity to recoup some of their funds if another agency wanted to buy them out, and it could work the same for BCVWD, Jagers posited.

Since the project has been right-sized, Jagers continued, costs have shrunk from \$5 billion to \$3 billion and there is discussion about the true cost of the water and total yield of the project. He said he will provide an update at the next meeting. Jagers reiterated that the \$2.8 million is the cost of the reservoir; there will be additional costs for bringing the water down. The District must develop a strategy for spreading the \$2.8 million into a developer-based activity such as a new water fee, Jagers noted. Water is not getting cheaper in California, he advised.

President Covington said in total, the District has spent a lot of money; but in looking at the larger scheme of things, it is not. Now that the District is close to spending almost \$1 million, he asked if there is a way to include in the agreement that the District does not get voted out of the project by the SGPWA Board. Mr. Jagers said he would broach the commitment with the new general manager.

President Covington invited public comment. There was none.

Mr. Jagers advised that the SGPWA Board has voted to move forward into Phase 2B.

President Covington continued the item to August.

4. California Special Districts Association (CSDA) 2020 Board Elections: Vote to Elect a Representative to the California Special Districts Association Board of Directors in the Southern Network for Seat C

President Covington invited public comment. There was none.

Director of Finance and Administration Yolanda Rodriguez gave background on the CSDA and the vacancy for a two-year term. There are four candidates for the open Seat C, including BCVWD General Manager Dan Jagers who was nominated by the Board at its regular meeting on February 12, 2020.

President Covington noted that Seat C is generally for the greater Los Angeles – Orange County area and the incumbent, Arlene Shaffer, is from Costa Mesa Sanitary District and recommended a vote for Ms. Shaffer. If Seat B came available, and Mr. Jagers wanted to represent the inland empire, that would make sense, Covington advised.

Director Ramirez indicated appreciation for Mr. Jagers' work and concurred with President Covington in light of the current workload. Director Slawson concurred. Mr. Jagers commented on the current level of work at BCVWD, recognized the Seat C representation area and indicated no ill will if the Board selected a different candidate.

The Board approved a vote for Arlene Shaffer to the California Special District Association Board of Directors in the Southern Network for Seat C by the following vote:

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

5. Consideration of Letter to Members of Congress on Federal Relief for COVID-19 Costs per request of the Association of California Water Agencies (ACWA)

President Covington invited public comment. There was none.

General Manager Jagers reminded the Board of its authorization of a letter to the House and Senate leadership urging inclusion of special districts in coronavirus pandemic relief. This bill appears to be stalled in the Senate, he advised. ACWA has reached out to its member agencies to email representatives to request legislation that would boost the federal funding for water infrastructure while considering further measures to help the country recover economically from the COVID-19 pandemic. Staff believes it is a good idea to support these activities, Jagers explained, and requested the Board authorize the letter.

President Covington said he concurs with ACWA to keep the pressure on Congress to make sure that special districts and public agencies are beneficiaries of some of the COVID-19 pandemic relief funding and supports the letter. Director Slawson indicated support.

The Board approved the letter to Members of Congress on Federal Relief for COVID-19 Costs and directed staff to execute the letter and forward to the leadership of the Senate and House of Representatives and designated elected officials by the following roll call vote:

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

6. Review of District Staffing Activities and Cash Flows as related to the ongoing COVID-19 Local State of Emergency

President Covington invited public comment. There was none.

Director of Finance and Administration Yolanda Rodriguez summarized the report which includes billing cycles year over year in addition to the month-to-month bi-monthly cycle.

Rodriguez explained she is tracking balances over 60 days. Shutoffs normally would occur after 90 days, she said, which is an indication that the customer should be on a payment plan. She explained the comparisons of 2020 to last year and noted that these trends are not too alarming.

President Covington indicated it seems the majority of customers are current. Ms. Rodriguez confirmed that many are paying their bill before the conclusion of the 30-day period. Of the District's 19,216 active accounts, 8,245 are paid in full, she reported. The balances due compared to last years show \$1.6 million due she said. Mr. Jaggars added there is one commercial customer that has a significant payment plan in place which is making up the majority of the total balances due.

President Covington pointed to SB 998 which may also be affecting the balances.

Out of all the accounts, there are only 21 customers with payment plans, Ms. Rodriguez advised. Staff has noted that many residents are not responding for payment plans, and some are paying some of their balance without responding. The District has been making phone calls, sending letters and hanging door tags to let customers know that their account is overdue, and they may make a payment plan. There should be payment plans for 204 customers who would normally be shut off, she noted, but it is harder to get a response from customers as accounts receivable is growing.

Ms. Rodriguez detailed the District's loss in fee revenue due to shutoffs, late notification fees, and credit card processing fees totaling \$48,045.50. General Manager Jaggars advised these losses will be submitted for reimbursement as part of the FEMA COVID-19 funding.

Rodriguez shared a report on the impact of cash flows compared to 2019. The District has access to total unrestricted cash and investments of \$28,630,413 in 2020, as compared to \$28,771,794 in 2019. She reminded the Board about the impact of the rate increase and said the District is still in a very good position with concern regarding the growth of accounts receivable. The UB supervisor reports that people are paying their bills, and the District is accepting whatever amount they can pay, Rodriguez indicated.

7. Beaumont Master Drainage Plan Line 16 Project Update

President Covington invited public comment. There was none.

Senior Engineer Mark Swanson reminded the Board of the recent discussion on moving forward with the cooperative agreement. Staff has been working with Riverside County Flood Control and over the last couple of months has met weekly to assure that design moves forward and understand where the agreement stands.

The plans are at 90 percent and are in review at staff level. This is the storm drain component with catch basin and spillways into the ponds, Swanson said. The comments will go back to the consultant in August.

Slowing down the cooperative agreement is the maintenance of a portion of the storm drainpipe towards the eastern end of the project, Swanson explained. An understanding has been reached that the District will take care of the inlets and Flood will take care of the 1,200 feet of pipe; this will be incorporated into the agreement, Swanson indicated. Staff has asked for a draft of the agreement to bring to the Board at the July 27 meeting.

Mr. Jagers advised that staff has worked diligently for months to get to a solution on the maintenance activity. He said he believes it is a fair and reasonable solution.

In response to President Covington, Mr. Jagers said legal counsel will review.

8. Status of Local Emergency regarding the Impact of the Respiratory Illness Pandemic COVID-19 pursuant to Resolution 2020-07

Mr. Jagers indicated that this report serves to continue the District's declaration of local emergency. He noted the increase in daily infection rates and shared the current data from the County of Riverside: 856 new infections today. He said he believes the District is getting the job done and would like to see another two weeks of information with a dampening after the recently re-issued lockdowns in order to figure out a path forward.

The City of Beaumont, Jagers continued, has opened their front counter to certain activities and there is quite a process and a larger lobby for routing people in and out; where the District is not in a position to do so with the lobby configuration. Jagers also pointed out that the hospitalization rate is up but daily death rate is down. The current system seems to be working, he said. Staff continues to look at modifying current situations but unless the Board directs otherwise, the current plan is to stand by for at least another couple of weeks, Jagers said.

9. Reports For Discussion

- a. Ad Hoc Committees: None.
- b. General Manager

Mr. Jagers reported that the SGPWA Board meeting, the general manager identified that BCVWD had provided a schedule of water deliveries and they might have more water than the schedule provided for. Mr. Davis will work with the new GM, Mr. Eckhart, to deliver a strategy. Jagers said he reached out and identified that BCVWD is more than willing to adjust its delivery schedule.

Jagers indicated that staff is tracking monthly production rates in order to compare to the last two years. In June 2020, total production from the Basin and Edgar Canyon was 1,431.45 AF. Last year, in a cool June, production was 117 AF and in 2018, 25 AF was produced. Contributing to this artificially high production rate was a large construction grading water project and the stay-at-home order due to COVID-19.

Jagers shared recharge flow rates showing a slow, steady flow to get the water order into the ground and minimize use of the Phase 1 ponds until it can be fenced and reduce staff's need to perform maintenance.

There was a delay on the Noble Creek fencing due to the surveyor a question regarding the total width of Cherry Valley Boulevard, but width has been confirmed to be 38 feet. The contractor is anxious to begin, and the survey should be complete by next week, Jagers advised.

A meeting with the City regarding recycled water is being pursued, Jagers noted.

c. Directors' Reports: None.

d. Legal Counsel Report: None.

10. Announcements

All the following meetings will be held via teleconference unless otherwise indicated. President Covington read the following announcements:

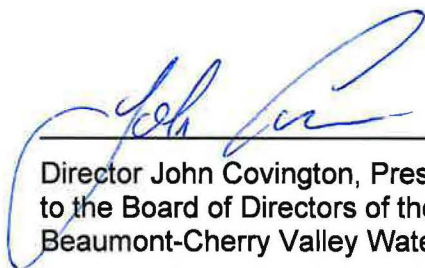
- Ad Hoc Communications Committee Meeting: Monday, July 13, 2020 at 5:30 p.m.
- Board Engineering Workshop: Thursday, July 23, 2020 at 6:00 p.m.
- Personnel Committee Meeting: Monday, July 27, 2020 at 5:30 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, August 5, 2020 at 10 a.m.
- Finance and Audit Committee Meeting: Thursday, August 6, 2020 at 3:00 p.m.
- Regular Board Meeting: Wednesday, August 12, 2020 at 6 p.m.

11. Action List for Future Meetings:

No new items were added.


12. Adjournment

President Covington adjourned the meeting at 7:36 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