



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

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
Wednesday, December 8, 2021 at 6:00 p.m.**

Meeting held in person and via teleconference pursuant to California Government Code Section 54950 et. seq. and under the provisions of Assembly Bill 361 and BCVWD Resolution 2021-21

Call to Order: *President Slawson opened the meeting at 6:06 p.m.*

Pledge of Allegiance was led by Director Williams.

Invocation was given by President Slawson.

Announcement of Teleconference Participation

Director of Finance and Administrative Services Kirene Manini, PhD clarified that this meeting is conducted in person and via teleconference pursuant to California Government Code Section 54953, and under the provisions of AB 361.

Roll Call:

Directors present:	Hoffman, Ramirez, Slawson, Williams
Directors absent:	Covington
Staff present:	General Manager Dan Jagers Director of Operations James Bean Director of Engineering Mark Swanson Director of Finance and Administrative Services Kirene Manini, PhD Human Resources Coordinator Sabrina Foley Director of Information Technology Robert Rasha Accountant III Lorena Lopez Accounting Technician Erica Gonzales Administrative Assistant Cenica Smith
Legal Counsel	James Markman

Members of the public who registered attendance: Laurie LoFranco and Karyn Goodsite from Keenan and Associates.

Public Comment:

1. Adjustments to the Agenda:

The Board tabled Item 14: Closed session to enable Director Covington to participate by the following roll-call vote:

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

2. Consent Calendar:

The following Consent Calendar items were approved with one motion:

- a. Review of the October 2021 Budget Variance Reports
- b. Review of the October 31, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of November 2021
- d. Review of November 2021 Invoices Pending Approval
- e. Minutes of the Regular Meeting of November 10, 2021
- f. Minutes of the Regular Meeting of November 22, 2021
- g. Resolution 2021-23 Authorizing Public Meetings to be Held via Teleconferencing Pursuant to Government Code Section 54953(e) and Making Findings and Determinations Regarding the Same

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

3. Recognition of Leadership Academy Graduates

General Manager Dan Jagers explained the Leadership Training Program.

President Slawson invited public comment. There was none.

4. Presentation: Keenan and Associates: CalPERS Breakout Study

Ms. Laurie LoFranco from Keenan and Associates, the District's benefits broker, described options available to the District for exiting the CalPERS medical program. She reviewed the District's current medical insurance participation and enrollment and concluded that the District has good factors for exiting CalPERS.

The goals are to reduce the District's Other Post-Employment Liability and to provide quality medical benefits for active employees and retirees, she stated. Keenan has a medical pool for public agencies, she said, and described available plans within two carriers.

LoFranco explained the CalPERS pool and the Public Employees Medical and Hospital Care Act (PEMHCA) and stressed that the CalPERS pension program is separate.

In order to leave CalPERS for January 2023, the District would have to give notice 60 days before release of the 2023 rates in July 2022. Once a resolution is passed and filed, the decision cannot be changed, LoFranco explained. She detailed the process and noted a target date of January 1, 2024 to disengage, requiring a decision and notice in mid-2023.

General Manger Jaggars noted the goal of savings while maintaining high quality healthcare. Ms. LoFranco added that options are also a goal.

In response to Director Ramirez, Ms. LoFranco noted future risk if the favorable conditions change. There are no guarantees, she explained, but this change offers the District more control.

In response to Director Hoffman, Ms. LoFranco explained how Keenan is compensated via commission on products offered and assured that Keenan will remain the District's benefits broker and will stay in communication.

Ms. LoFranco suggested she return to the Board with illustrative rates and plan designs compared to CalPERS. Mr. Jaggars suggested absorbing the information and devising follow up questions.

President Slawson invited public comment. There was none.

5. Draft BCVWD Fiscal Year 2022 Operating & Capital Improvement Budget Preliminary Finances and 2021 Carryovers

Director of Finance and Administrative Services Kirene Manini, PhD, drew attention to the handout and Mr. Jaggars noted that the goal of this discussion is to familiarize the Board with the budget to allow approval of a budget at the December 21, 2021 meeting.

Director Hoffman advised that the Finance and Audit Committee has performed an in-depth review of the budget and made some changes, and is now comfortable with the budget. He pointed out the increases in cost of materials and the existence of vacant but budgeted positions, and advised that there are funds being carried over from this year's budget. He also noted the hope to purchase water next year and other factors that make the budget a moving target.

Hoffman noted the option to review the budget at mid-year or any time to adjust as necessary to allow for variables. He stated this is a good approach, and said staff has done a good job on preparing and presenting the budget thus far.

Dr. Manini announced proposed gross revenues in the amount of \$26,175,000 and proposed gross expenses in the amount of \$21,640,800. Staff requests \$151,900 in unspent funds budgeted for Fiscal Year 2021 be carried over to 2022, she explained.

Dr. Manini provided a detailed overview of the 2022 Operating Budget. The total proposed 2022 operating revenue is \$18,727,000, and non-operating revenue is \$7,448,000, she noted and went on to explain the budget detail, noting the changes resulting from the 2019 Water Rate Study and other factors.

Dr. Manini presented the 5-Year Capital Improvement Budget. The estimated carryover from the FY 2021 budget is \$22,947,300 in funds already approved for projects, and the FY 2022 budget request is \$7,911,000, she stated, and pointed to funding sources.

President Slawson asked about development fees. General Manager Jagers reminded the Board that a capacity charges (facilities fees) study is being finished, and the current fee is \$10,122 per unit. He assured the Board that information is being compiled for Raftelis Consultants to complete the study in the first quarter of 2022.

Dr. Manini presented the FY 2021 operating budget carryover schedule of \$151,900, but cautioned that additional carryover is being considered including information technology and imported water purchases.

President Slawson asked about staffing in the Information Technology department. Mr. Jagers acknowledged the workload and noted that vendors are being utilized when necessary, but staffing is under consideration.

In response to President Slawson, Mr. Jagers detailed the imported water cost averaging process.

In response to Director Ramirez, Mr. Jagers advised that the budget as presented did not include the results of the classification and compensation study but is being presented to familiarize the Board, make any clarifications, and answer questions prior to the request for approval at the December 21, 2021 meeting.

General Manager Jagers responded in detail to questions from Director Ramirez regarding the Information Technology Department budget. Ramirez emphasized cost increases in IT and asked if cost-cutting was being considered on big ticket items. He suggested not requesting more than could be reasonably accomplished in FY 2022. Mr. Jagers assured that activities are moving forward, and noted delays due to staffing and COVID-19 considerations.

Director Ramirez requested staff in all departments review the budget numbers and be more realistic. Jagers provided reassurance and President Slawson reminded that the Finance & Audit Committee has reviewed and asked Director Ramirez to be more specific. Director Hoffman reiterated that there is flexibility to review the budget as the year progresses, make amendments as necessary, and track detailed expenses. He said he did not think it beneficial for staff to spend time reviewing.

Director Ramirez pointed to those line items that have increased more than 20 percent and suggested the general manager determine if those activities are achievable, and do any fine-tuning or possible reduction in items that are within the control of the District to provide strong confidence in the budget. President Slawson assured that the budget is monitored, and Mr. Jagers provided further explanation of year-to-year budget fluctuations and posited that the budget is realistic.

Director Ramirez pointed to a new budget for Maintenance and Repair – Paving (City of Beaumont) and asked about expenses related to the new requirements for encroachment permits. Mr. Jagers explained that staff has tracked the permit costs and they appear to be averaging \$800 and more. The line item

reflects the anticipated fees to be covered in 2022 based on the frequency of leaks within the City of Beaumont, he said.

President Slawson invited public comment. There was none.

6. Consideration of Award of Contract for Well 23 – Well and Well Pumping Unit Rehabilitation and Repair and Authorization of Additional Motor Repair or Replacement

Director of Operations James Bean reminded the Board about catastrophic equipment failures earlier in the year and resulting declared emergencies. To get ahead of further failures, wells have been identified for preventative maintenance.

Bean described the functioning of Well 23 and noted no maintenance has been done since 2012, and due to its critical nature staff recommends maintenance during the winter months to assure it is back online before the spring season. He advised of some issues with the motor and explained the recommended action.

Bids were solicited for the work and one proposal was received, Bean continued. He noted the current labor shortages affecting vendors and the supply chain issues affecting work. He reminded the Board that with the most recent purchase of an 800 hp motor delivery time was more than 20 weeks and explained the costs. Mr. Jagers added some detail on the history of the motor.

Director Hoffman said it appears the motor may be near its end of service life, and recommended buying an additional motor to have in reserve, particularly given the cost increases in materials.

In response to Director Ramirez, Mr. Jagers confirmed there was only one bidder. Director Williams asked how long the well would be down. Mr. Bean stated that best case scenario would be to have it back online at the end of February.

President Slawson invited public comment. There was none.

The Board authorized the General Manager to enter into a contract not to exceed \$211,300 with Legend Pump and Well Services, Inc. to perform the work necessary to remove, inspect, and repair the District's existing Well 23 pumping unit and to rehabilitate the well, and authorized the General Manager to expend additional funding for electric motor inspection and repair work for a not to exceed amount of \$104,500 by the following roll-call vote:

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

7. Resolution 2021-24 Amending Policies and Procedures Manual Part II Section 5: Policy 4025 Board Meetings and Section 6C Director Requests Regarding Addition of Items to Agenda

General Manager Jagers reminded the Board of discussion and direction at the November 22, 2021 meeting. The policy is to set forth a rotational activity for the Board members, he explained, and reviewed sections for further consideration.

President Slawson recalled the recommendation by legal counsel James Markman regarding having two Board members in agreement to add an agenda item; Mr. Jagers noted that provision was rejected by the Board during the November 22 discussion. Mr. Markman opined that having two members of the Board in agreement on an item would show it is of serious concern at the Board level.

The Board adopted Resolution 2021-24 Amending Policies and Procedures Manual Part II Section 5: Policy 4025 Board Meetings and Section 6C Director Requests Regarding Addition of Items to Agenda by the following roll-call vote:

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

8. Continued Review of Anticipated California Drought Conditions, District Urban Water Management Plan Drought Restrictions and BCVWD Resolution 2014-05 Regarding Issuance of Will-Serve Letters and Other Drought Response

General Manager Jagers pointed to the Notice to State Water Contractors from the Department of Water Resources dated December 1, 2021 identifying that the 2022 State Water Project (SWP) initial allocation as only minimum for health and safety, which means no water to those with alternative sources of supply. This is the worst it has ever been, he noted, and stated there are serious concerns.

News reports indicate that the State is considering even more restrictions on water use and \$500 fines for violations, Jagers indicated. He advised the Board that a decision point will be coming in January and said he expects additional triggers from the State to achieve further water conservation, and the District needs to be prepared to react.

Mr. Jagers reported that he is seeking other sources of water, but if it does not start raining in the next month, it will be a low water production year. He advised the Board to be prepared for robust discussion and tough decisions in January.

Mr. Markman noted that the District has multiple years of water in storage at the expense of the ratepayers for these situations. Although it is right to institute conservation measures when using reserves, the State mandates one-size-fits-all cutbacks which can be hard on people and are unfair to people who are good stewards of their water resources. He also noted that the State placed no restrictions on agriculture last time.

No matter what fines are levied, there will be some customers who do not change their habits, Markman opined.

Mr. Jagers posited that reservoirs such as Lake Matthews may be reduced to the levels seen at Lake Oroville. Lake levels and lack of snowpack in northern California are dire, he said, and it will be known in January or February if next year will be tough, also. He assured the Board that there is water in storage in the Beaumont Basin, but the area is striving to stay balanced and healthy.

Director Hoffman noted the predictions for significant rain locally in the coming days. Mr. Jagers reiterated that everyone in California should be concerned until it starts raining again.

President Slawson invited public comment. There was none.

9. Status of Local Emergency Regarding the Impact of the Respiratory Illness Pandemic COVID-19 Pursuant to Resolution 2020-07

General Manager Jagers discussed the new Omicron variant and recent case numbers. So far, the District has been effective in no transmission across employees and the current program will continue. With all the District's activities, a healthy staff is imperative, he stated.

10. Status of Declared Local Emergencies related to Fires

a. Impact of the Apple Fire pursuant to Resolution 2020-17

b. Impact of the El Dorado Fire pursuant to Resolution 2020-20

Mr. Jagers acknowledged the expectation of rain but said there is no current concern about mud and debris flow events. Staff continues to monitor and is prepared to react to anything adverse to operations.

11. Reports For Discussion

a. Ad Hoc Committees:

Communications Committee: No report.

Sites Reservoir Committee: No report.

Water Re-Use 2x2: No report.

b. Directors' Reports:

President Slawson, Director Williams and Director Ramirez reported difficulties accessing the virtual Association of California Water Agencies Fall Conference.

President Slawson and Director Williams also reported inability to access the California Special Districts Association "The Great Board Chair" webinar on Dec. 7

Director Ramirez indicated similar issues but was able to access "The Great Board Chair" webinar on demand, and gave a report.

c. Directors' General Comments: None.

d. General Manager's Report:

Mr. Jagers discussed the following:

- Jagers advised that the State Water Resources Control Board solicited comments on a draft environmental impact report for the adoption of a regulation for a maximum contaminant level of hexavalent chromium. He reminded the Board that the District was affected by the previous regulations; at 15 parts per million (ppm) the District is not likely affected, but below is significantly burdensome and creates significant costs. Mr. Jagers worked with Director of Engineering Mark Swanson and District Engineer Joe Reichenberger to compose a response letter. This is important to the District as it could mean millions of dollars in treatment.
- Jagers reiterated the zero SWP allocation and said he expects the SWP will be conservative in their approach. He reminded the Board that the District has made a written request to the San Geronimo Pass Water Agency (SGPWA) to purchase the 508 acre-feet of water they have in storage at a cost of \$202,692. SGPWA General Manager Lance Eckhart has indicated that their intent is to zero out their account and make it available and is working through their Ordinance 10, which will be taken to the Board to determine allocation.
- The well 25 motor has been installed
- Well 26 site improvements have been substantially completed
- The grading at the Noble Creek Recharge facility has begun
- Digital radios are being deployed

President Slawson noted he has received an automatic read meter.

e. Legal Counsel Report: None.

12. Action List for Future Meetings:

- Water supply for BCVWD and the region
- Matrix for delivery of recycled water
- Legal Counsel report on changes in Proposition 218
- Legal update on drought conditions in the west
- Maintenance costs at 800-hp well sites

13. Announcements

President Slawson read the following announcements:

- Personnel Committee Meeting: Monday, Dec. 20, 2021 at 5:30 p.m.
- Engineering Workshop: Tuesday, Dec. 21, 2021 at 6 p.m.

- District offices will be closed Thursday, Dec. 23 in observance of Christmas Day
- District offices will be closed Thursday, Dec. 30 in observance of New Year's Day
- Collaborative Agencies Meeting: Wednesday, Jan. 5, 2022 at 5:30 p.m.
- Finance and Audit Committee Meeting: Thursday, Jan. 6, 2022 at 3 p.m.
- Regular Board Meeting: Wednesday, Jan. 12, 2022 at 6 p.m.

14. Recessed to Closed Session

There was no closed session. The item was tabled earlier in the meeting.

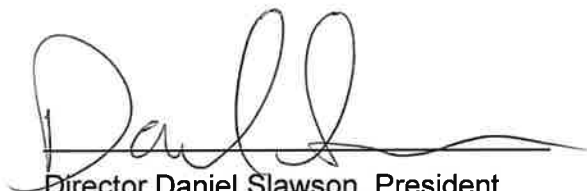
15. Report on Closed Session: N/A

16. Consideration and Possible Action Regarding Proposed Changes to Contract, Salary, and / or Fringe Benefits of General Manager

There was no discussion.

17. Adjournment

President Slawson adjourned the meeting at 9:17 p.m.



Director Daniel Slawson, 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