



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

**MINUTES OF REGULAR MEETING – ENGINEERING WORKSHOP  
OF THE BOARD OF DIRECTORS**  
Thursday, November 17, 2022 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 2022-36*

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**Call to Order: President Williams**

*President Williams began the meeting at 6:08 p.m.*

*Pledge of Allegiance was led by Director Covington.*

*Invocation was given by Director Slawson.*

**Announcement of Teleconference Participation**

General Manager Dan Jagers advised that this meeting is conducted pursuant to BCVWD Resolution.

The teleconference capabilities of this meeting have been identified in the Notice and Agenda. The teleconference locations are not publicly accessible. The public's right to comment and participate in the meeting is being assured via teleconference capabilities and at the BCVWD Administrative Office Board Room.

Directors Covington, Hoffman, and Williams attended in person at the meeting location. Directors Ramirez and Slawson attended via teleconference.

**Roll Call:**

Directors present:	Covington, Hoffman, Ramirez, Slawson, Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Engineering Mark Swanson Director of Information Technology Robert Rasha Finance Manager William Clayton Senior Management Analyst Sylvia Molina Customer Service Supervisor Sandra Delgadillo Civil Engineering Assistant Evan Ward Administrative Assistant Cenica Smith Administrative Assistant Lynda Kerney Water Utility Supervisor Julian Herrera
Legal Counsel	James Markman

Members of the public who registered their attendance: Bob Johnson for Noble Creek Meadows; Larry Smith, Chander Letulle, and Dr. Blair Ball of the San Gorgonio Pass Water Agency.

**Public Comment:** None.

**1. Adjustments to the Agenda:** None.

At the recommendation of staff, President Williams moved item 9 forward.

**9. Association of California Water Agencies (ACWA) 2022-2023 Region 9 Board Nominations**

General Manager Dan Jagers explained that the San Gorgonio Pass Water Agency (SGPWA) Board nominated Mr. Chander Letulle for appointment to the ACWA Region 9 Board, and Mr. Letulle has requested a letter of support from the BCVWD Board.

Mr. Letulle addressed the Board and said he would appreciate consideration for a letter of support. Directors expressed support and President Williams directed staff to prepare the letter.

SGPWA Director Larry Smith said he appreciated this being on the agenda and said Letulle would be a good representative.

**2. Public Hearing: Introduce, Waive Reading, and Consider Adoption of Ordinance 2022-01: Providing for Compensation of the Members of the Board of Directors of the Beaumont-Cherry Valley Water District and Superseding Ordinance 2021-01**

General Manager Jagers reminded the Board of discussion at the October 27, 2022 meeting and explained procedure.

*The Board waived the reading of the proposed Ordinance by the following roll-call vote:*

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

President Williams opened the public hearing at 6:24 p.m.

General Manager Jagers reported that the Notice of Public Hearing was published in the Beaumont Record-Gazette on November 11 and 14, and was posted on the District's website and at the District office on November 3.

President Williams invited public comment.

Dr. Blair Ball pointed out that there are 17 other agencies that are in line with this District and the per diem for BCVWD is already at the high end. A recession is beginning and people in this area are struggling. It would show good leadership to remain at \$260. Dr. Ball encouraged a vote to retain the current per diem of \$260 for the coming year without raise.

Director Ramirez called for the vote.

Director Slawson recommended staying at \$260 but said he was willing to consider an increase due to inflation.

Director Hoffman said he was flexible, and pointed out that tonight's meeting will go 3.5 to 4 hours, plus agenda review beforehand, which breaks down to \$50 or \$60 per hour. To keep directors who are qualified and engaged, the Board needs to compensate accordingly, he said.

Director Covington reminded that prior to the Board raising this per diem, it had been left stagnant for a long time. The Board had the authority to raise it to \$320 in 2020 but did not. Several comments were made in 2020 that the Board in prior years did not address this; it did not even appear on an agenda for eight years, he noted.

Covington said he believed the Board has committed to at least addressing the per diem every October per policy. He agreed with Hoffman that this job is getting longer with more meetings and preparation time. The maximum the per diem could increase is \$26 for the 10 percent operative year, he noted.

Director Covington offered to move to increase the per diem by 10 percent to \$286 for the operative year. President Williams suggested a per diem increase to \$285.

*The Board closed the public hearing by the following roll-call vote:*

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

*The Board adopted Ordinance 2022-01: Providing for Compensation of the Members of the Board of Directors of the Beaumont-Cherry Valley Water District and Superseding Ordinance 2021-01 and increased the director per diem compensation to \$285 by the following roll-call vote:*

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

**3. Request for Extension of “Will Serve Letter” for Previously Approved Development – Tract 29267 (Riverside County Assessor’s Parcel No. 400-250-008 – a portion of Noble Creek Vistas Specific Plan) located in the City of Beaumont**

Director of Engineering Mark Swanson advised that the applicant for Noble Creek Meadows requested this extension on September 22, 2022. The Will Serve Letter (WSL) had been previously extended in 2020 by the Board and the General Manager in 2021.

The domestic water improvement plans are approved, the non-potable water improvement plans were recently submitted to the District and have been returned to the applicant, ready for approval, Swanson advised.

The Noble Creek Vistas plan was at one time for 832 homes, but has been chopped up into many pieces, Swanson reported. The project was annexed into the District’s service area in 2007. This is the only remaining piece, with 274 homes proposed. City Council has a few comments outstanding, but the final map is ready to record. It is necessary to have a WSL to record the map, Swanson explained.

The WSL would cover domestic and non-potable service, but non-potable has not yet quantified and will come in later, Swanson noted. Since the original submittal, conditions have changed, he advised, and noted the list in the staff report.

General Manager Jaggars added that the project meets the conditions for exemption from Resolution 2014-05 and applied for the extension.

Bob Johnson of Noble Creek Meadows advised that it has been a long project. It encountered some issues other than construction, related to a settlement agreement when the project was sued back in 2005. The issues can be resolved, he assured.

Director Slawson commented that it seems the decision must be to extend.

Director Hoffman asked if deposit funds had been paid. Mr. Swanson confirmed that the developer paid for plan check and the LAFCO process, and a Plan of Service was done several years ago.

Director Covington noted that several of these have been seen in the past and the General Manager has communicated that this project is not in conflict with Resolution 2014-05.

*The Board approved the request for an extension Will Serve Letter for Previously Approved Development – Tract 29267 (Riverside County Assessor’s Parcel No. 400-250-008 – a portion of Noble Creek Vistas Specific Plan) located in the City of Beaumont by the following roll-call vote:*

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

**4. Approve Expenditures in an Amount Not to Exceed \$21,000.00 for Procurement of Materials and District Staff Labor for District Facilities Relocation Activities on Pennsylvania Avenue in the City of Beaumont**

General Manager Jagers noted that the expenditure is within his purchase authority but the total project cost is above his spending limit.

Director of Engineering Mark Swanson explained that this project dovetails with the City of Beaumont's (City) proposed widening of Pennsylvania Avenue. The City awarded design services and in January 2022 the City requested information from the District and provided information on the street widening plans between 6th Street and 1st Street. Staff identified District facilities in conflict with the project and provided the information to the City. Swanson briefed the Board on nine facilities that would require work and responded to questions from the Board.

Labor costs are based on District staff performing the work, Swanson advised. The City approved a contract last week, but scheduling is not yet available, he stated.

General Manager Jagers added detail and noted that this does not solve the ultimate problem for Pennsylvania Avenue, but it appears the City is looking for an interim solution to the traffic issues.

President Williams invited public comment. There was none.

President Williams asked about the City's plan for routing the street. Swanson explained and further detailed relocation of District facilities.

Director Hoffman asked if the Interstate 10 underpass was wide enough to allow two lanes in each direction. Swanson said that it should be, according to the proposed plans.

Jagers recommended increasing the total approval to not-to-exceed \$30,000 with an anticipated engineer's estimate of \$21,000.

*The Board approved expenditures in an amount not to exceed \$30,000.00 for procurement of materials and District Staff Labor for District facilities relocation activities on Pennsylvania Avenue in the City of Beaumont by the following roll-call vote:*

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

**5. Grant Activity Quarterly Update**

General Manager Jagers reviewed the report and provided project updates.

Directors commented on the work of staff. Director Ramirez additionally commented on cooperation with Congressman Ruiz' office.



Director Covington observed that the reports from Townsend Public Affairs show value to what they are doing and show that money is being spent wisely.

President Williams invited public comment. There was none.

**6. Presentation of Draft Fiscal Year 2023 Operating Budget & 2023-2027 Capital Improvement Budget of Draft Fiscal Year 2023 Operating Budget & 2023-2027 Capital Improvement Budget**

General Manager Dan Jagers reminded the board of previous discussion of this item and noted that the Finance and Audit Committee has reviewed it in depth.

President Williams invited public comment. There was none.

Director Hoffman, chair of the Finance and Audit Committee, reported that the budget figures represent those that serve the purpose of a balanced budget. Some moving targets include revenues as a result of conservation, he explained, and assured that he will be watching. It is unknown now what water supply will be able to be purchased next year and could vary. Building is starting to slow, and developer fees and deposits will probably be less than in the past, he added. The Board must be conscientious of these items and get feedback from staff to be aware and know if adjustments to the budget need to be discussed in order to remain balanced and in a good position to qualify for grants, Hoffman advised.

Director Ramirez asked Finance and Audit Committee members Hoffman and Williams if the committee had any items that stood out. Williams reiterated variables due to drought, and potential imposition of drought surcharges. She said the committee wanted to have a balanced budget and considered different scenarios. She noted that the trend with BCVWD water users is that people are not conserving unless they are forced to, so the budget does not show reduced water sales. When the State decides to apply the drought surcharge, then the District can assess it at that time, she added.

Ramirez advised of a webinar which indicated that more districts are relying on solar to provide backup for the occasions of public safety power shutoffs and asked if anything has been included in the Capital Improvement Plan (CIP). Mr. Jagers noted that the District has proposals in for the Tesla backup battery program and has looked at sites. Director Ramirez asked if the expense for backup batteries would be included in this five-year presentation; Jagers explained no; it is a grant opportunity – if pursued, it would be expected to be a net zero cost.

President Williams asked about battery charging if not solar. Mr. Jagers discussed the Tesla battery program. Director Covington indicated that he had looked at the Tesla program and provided some additional detail, noting that the maintenance and operation agreements allow Tesla control of the facility. Director Ramirez pointed to options and pushed for consideration of solar feasibility to reduce Southern California Edison charges. He requested more information to see if it is feasible for the CIP.

*7:35 pm. – Director Slawson left the meeting*

Director Covington noted a budget reduction in capacity charges and asked if it was realistic. Mr. Jagers explained that fees are estimated based on projects on the radar; but whether a project will actually move forward is unknown. It is a reasonable number

but may be optimistic if the Federal Reserve continues to increase interest rates, he said.

Director Covington asked about budget line items for consultants, public education and community outreach, and election fees, and received responses from staff. He said he appreciated the conservative budgeting approach based on the uncertainties.

In response to President Williams, Jagers confirmed that the only change to the budget will be based on the adoption of the per diem rate. If there are any other changes, the Board will be notified in preparation for adoption on December 14, he said. Director Covington pointed out that Miscellaneous Fees adopted would also have an impact.

## **7. Continued Discussion:**

**Resolution 2022-\_\_\_: Approving the Miscellaneous Fee Update study and Adopting the Schedule of Miscellaneous Fees, and**

**Resolution 2022-\_\_\_: Amending the District's Regulations Governing Water Service: Part 5: Charges**

*(Continued from November 9, 2022; Public Hearing continued to December 14, 2022)*

General Manager Jagers reminded the Board of discussion at the last meeting and the review of the Miscellaneous Fees Update report prepared by Raftelis based on costs. He recalled that Board members had concerns regarding the affordability of things like meter testing. He reminded that the Raftelis report presented true costs. This item is for discussion, as the Public Hearing was continued to December 14, he noted.

In response to President Williams, Legal Counsel James Markman identified that voting to accept the Raftelis report caps the amount of the fee or charge.

Director Ramirez made further comment on Agenda Item 6 – the Draft FY 2023 Budget, pointing out that the Information Technology Department budget increased by 20 percent. Most of that seemed to be related to the AMR/AMI project, he noted.

Director Hoffman referenced the Raftelis report. He noted that some items have gone up considerably and charges should have been higher. He said he was glad to have Raftelis do this, as they are typically accurate. He said he did not think the District was in a position to absorb and not collect enough to cover costs. He mentioned the possibility of collecting a percentage of those fees having a major increase. People will be concerned about the dramatic increase taking place.

Director Covington said his one concern with the Raftelis report related to the Miscellaneous Fees that directly impact customers. The increase is as much as 300 percent on some of these fees. He said he understood how the numbers were determined, but is not sure that a fully burdened formula is what should be used. Using the fully burdened formula across the board on some makes sense, such as on developer deposits as they are not customers. He pointed to the smaller fees that don't impact the District one way or another, as the call for service is infrequent. Things like the credit card fees have a higher number, he noted.

Covington pointed to the fees that affect day-to-day customers and said he is not in agreement with imposing all these fees on customers.

President Williams pointed to the percentages and noted that the Board can choose to set a lower cost recovery.

Molina acknowledged the Board's concern regarding the higher charges. She pointed out that without the charges, the costs are covered by the District. For example, if there was no credit card processing fee, the District would be absorbing \$4,000 to \$5,000 per month. Those are expenses that will have to be considered in the next rate study, she advised.

Molina continued. Charges such as the After Hours Call Out are few, but are historically incurred by customers who have been disconnected for nonpayment, call after hours and tell staff they made the payment, then have to be shut off again soon after. Some charges are intentionally punitive, she noted. Costs for After Hours Call Out reflect the true cost for field staff to respond, she explained.

Finance Manager Bill Clayton acknowledged the recommendation of large increases and suggested consideration of a policy on which to base fee-setting decisions.

Mr. Markman reiterated that the motion to accept the Raftelis report does not levy the fee, it accepts the study as identifying the full cost recovery. The Board can set any number that does not exceed the full cost recovery, he said.

Director Covington said he was comfortable with the developer deposits and fees as developers are not customers. He said he believed there is no need to charge customers 100 percent cost recovery. The District owes its customers some level of customer service that is not so punitive that they do not even want to call for service. These rates are way too high, he stated.

Mr. Markman advised that the Board needs to either have an across-the-board reduction policy about recovering a percentage of the cost, or take each item by item.

Director Hoffman noted that over the last few years none of his four meters have incurred these charges. These are not fees that occur very often, he said, but expressed concern with the dramatic increase for those customers who would be exposed to those expenses. He suggested a compromise, then review and adjustment in a year or two.

Customer Service Supervisor Sandra Delgadillo advised that the Customer Account-Related Fees do not affect all residents; they are to deter people from paying their bills late or continuing to dispute a bill after a meter read has been verified. When water is shut off, it is usually those who are continuously on the shut off list, she explained.

Mr. Markman added that it is not exactly accurate to say this is punishing, as the District is incurring these costs and customers do not like to hear that; however if it takes reaching the meter-testing stage to prove that they used that much water, the District is not sympathetic, because in that case, the District should recover its full cost. This is a policy decision for the Board, he noted. Jagers posited that the report identifies the charge as reasonable, and staff's recommendation is to recover more of those costs.



Director Covington pointed to the After Hours Call Out cost recovery and asked Board members for their preferred figure. President Williams pointed out that the current fee is \$50 and proposed fee is \$200; she suggested \$100. Director Ramirez asked Director Covington what the Call Out fee was at his place of work; no response was offered. Director Hoffman suggested \$120; Covington indicated \$75 to \$100 and pointed to other circumstances such as a leak at night.

Ms. Delgadillo explained that the After Hours Call Out is not charged related to leaks or repairs. It is charged upon call out for turn on for new service (such as sale of property).

Mr. Markman suggested the Board members consider each item and come back for the public hearing. Ms. Delgadillo requested the Board members consider the frequency of the charges; for example, the Bench Test occurs two times per year, and perhaps 10 customers per year for the After Hours Call Out. Mr. Jagers pointed out that some total annual costs would be greater.

Director Covington suggested a compromise and said he was good with raising the fees 25 percent, except the Meter Testing - Outside fees, which should be only the cost of the test. District costs of labor should be absorbed, he stated.

Director Hoffman suggested staff prepare a spreadsheet for the Board that could be completed and returned, and compiled by staff. Mr. Markman cautioned about a Brown Act issue and suggested staff take the Board's comments and bring back a report to the public hearing to help the Board reach conclusions.

Jagers suggested staff explain the components of each fee. Covington stated he is fine with the credit card processing fees. Jagers and Clayton explained that the District is currently losing money on credit card processing as the District is paying a real cost of \$2.50 per transaction and only \$1.75 is being collected. For non-utility billing, an analysis was made and 3 percent was identified, Clayton explained, for those items such as fire flow or meter fees that a developer may want to put on their credit card. Raffelis has provided a model, and staff will continue to monitor credit card fees, he said. Ms. Molina advised that a notice was received today from the bank that the fees are being increased, so \$2.50 is no longer enough to cover the costs as determined by the study done a couple of months ago; but the Raffelis recommended increase will reduce the District's losses.

President Williams asked about the SB 998 After Hours Call Out fee, and Mr. Jagers explained the requirements of the Senate Bill related to low-income housing. He reminded the Board about the policy adopted earlier this year.

Director Covington reiterated that the credit card fees are what they are, and fall out of the equation. He suggested that the outside meter testing fee be limited to the customer paying the meter test invoice and the District providing the labor at no charge. Customer Account Deposits look fair, he said, but the charges for second and third notices are not high enough.

Clayton suggested looking at costs at other Districts for comparison. Markman indicated that surveying charges of other Districts does not offer proof of what it costs BCVWD.

Director Ramirez made further comment on Item 6 – the Draft 2023-2027 Capital Improvement Budget. He asked if all directors were comfortable with the \$1.76 million

budget for the Engineering and Operations Center (EOC). Mr. Jagers explained that this budget is for the initial study to provide for negotiation and purchase of land. Directors Covington and Williams indicated they were comfortable.

Director Ramirez posited that the District has a massive board room that is empty 99 percent of the time and the funds could be used in a different way to create the needed space. Mr. Jagers reminded of prior discussion in relation to the 2019 rate study, when an estimate for a future EOC was brought forward and included at 75 percent funded. The need is here but the project is behind schedule, he explained. He acknowledged that Director Ramirez had voiced the same concerns before. Jagers explained that alternatives had been investigated.

Ramirez maintained that field staff can be brought together in a corporation yard resulting in cost savings, but said he does not support locating administrative and field staff into one compound for a large amount of money.

General Manager Jagers redirected discussion back to Agenda Item 7 and acknowledged Director Covington’s statements. President Williams suggested that directors could email suggestions to Jagers. Jagers asked for other directors’ perspectives.

President Williams recapped the discussion, saying that she had written down alternative numbers, and noted that Director Covington had suggested 25 percent cost recovery. She noted that she had the same concerns and indicated agreement with Covington on meter testing fees.

Director Hoffman said he was leaning toward an average 50 percent increase. Director Ramirez recommended providing feedback to staff.

Staff will prepare a report based on feedback from the Board for discussion of areas of concern, Jagers stated.

President Williams restated disposition of the items, as follows:

Customer-related line items that directors feel are adequate per the Raftelis report:

<b>Table</b>	<b>Type of Fee or Charge</b>	<b>Disposition</b>
Table 1-1 Line 4	Credit Card Processing (UB)	Adequate
Table 1-1 Line 5	Credit Card Processing (non-UB)	Adequate
Table 1-1 Line 6	Credit Check Processing	Adequate
Table 1-2	Engineering-Related User Fees	Adequate
Table 1-3	Engineering-Related Deposits	Acceptable
Table 1-4 Line 2	Second Notice Charge	Adequate
Table 1-4 Line 3	Third Notice Charge	Adequate
Table 1-4 Line 4	Account Reinstatement Charge	Adequate
Table 1-4 Line 5	Lien Processing	Adequate
Table 1-4 Line 6	Returned Payment Charge	Adequate
Table 1-4 Line 7	Water Restriction Penalty	Agree

To be considered at the Public Hearing:

<b>Table</b>	<b>Type of Fee or Charge</b>	<b>Discussion</b>
Table 1-1 Line 2	After Hours Call Out Fee	Consider a lower fee
Table 1-1 Line 3	After Hours Call Out (SB 998) Fee	Consider a lower fee
Table 1-1 Line 7	Bench Test Credit	Cost of meter test only
Table 1-1 Line 8	Backflow Administration Fee	Consider a lower fee
Table 1-1 Line 9	Meter Test 5/8-1" Inside	Cost of meter test only
Table 1-1 Line 10	Meter Test 5/8-1" Outside	Cost of meter test only
Table 1-1 Line 11	Meter Test 1.5-2" Inside	Cost of meter test only
Table 1-1 Line 12	Meter Test 1.5-2" Outside	Cost of meter test only
Table 1-4 Line 10	Water Theft Prevention Penalty	Raise
Table 1-4 Line 11	Water Theft Prevention – Broken lock	Check price of lock
Table 1-4 Line 12	Lost/Damaged Construction Meter	Will \$2650 cover meter replacement?

## 8. Update Legislative Action and Issues Affecting BCVWD

Jaggers pointed to the written report in the agenda packet. There was no oral report.

## 9. Association of California Water Agency (ACWA) 2022-2023 Region 9 Board Nominations

This item was heard earlier in the meeting.

## 10. Reports for Discussion

### a. Directors' Reports:

President Williams reported attending the following:

- Beaumont Chamber of Commerce Breakfast on November 10, 2022

Director Hoffman reported attending the following:

- Beaumont Chamber of Commerce Breakfast on November 10, 2022

### b. Directors' General Comments:

President Williams wished all a safe Thanksgiving.

### c. General Manager's Report:

General Manager Jaggers reported the following:

- The District's warehouse project is moving forward and staff is working to keep costs down
- Staff is preparing for the holidays and minimizing exposure to mud and debris flows

d. Legal Counsel Report: None.

### 11. Action List for Future Meetings

- Presentation on the San Bernardino Valley Resource Conservation District
- Water supply for BCVWD and the region
- Matrix for delivery of recycled water
- Update on solar project opportunities

### 12. Announcements

*President Williams read the following announcements:*

- District offices will be closed on Thursday, Nov. 24, 2022 in observance of Thanksgiving Day
- Finance and Audit Committee Meeting: Thursday, Dec. 1, 2022 at 3 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Dec. 7, 2022 at 11 a.m.
- Regular Board Meeting: Wednesday, Dec. 14, 2022 at 6 p.m.

### 13. Adjournment

*President Williams adjourned the meeting at 9:06 p.m.*

ATTEST:



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



Director David Hoffman, Secretary  
to the Board of Directors of the  
Beaumont-Cherry Valley Water District