

**MINUTES OF A REGULAR BOARD MEETING**  
**CITY OF BIG BEAR LAKE,**  
**DEPARTMENT OF WATER AND POWER**  
**BOARD OF WATER AND POWER COMMISSIONERS**  
**December 20, 2022**

**OPEN SESSION**

A regular Meeting of the City of Big Bear Lake, Department of Water and Power (DWP) Board of Commissioners was called to order at 9:00 a.m. on December 20, 2022, by Chair Bob Tarras.

**BOARD MEMBERS PRESENT**

Bob Tarras, Chair  
Barbara Willey, Vice-Chair  
Craig Hjorth, Treasurer  
Joe Cylwik, Commissioner  
Jim Smith, Commissioner

**PLEDGE OF ALLEGIANCE**

Bob Tarras, Chair

**PUBLIC FORUM**

Kelle Barrette, Customer Service Supervisor, thanked the Board and gave each of them a hot chocolate bomb.

**1. CONSENT CALENDAR**

- 1.1 Approve Minutes of the Regular Board Meeting Dated November 22, 2022**
- 1.2 Approve Minutes of the Special Board Meeting Dated December 07, 2022**
- 1.3 Resolution No. DWP 2022-21 Ratification of Amendment No. 1 to the Employment Agreement with General Manager**
- 1.4 Notice of Completion for the La Crescenta Well Building Project**

*Motion made by Vice-Chair Willey, seconded by Commissioner Cylwik, and carried 5-0 to approve the Consent Calendar.*

*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*

*NOES: -*

*ABSTAIN:*

**2. ITEMS REMOVED FROM CONSENT CALENDAR**

None.

**3. DISCUSSION/ACTION**

**ITEMS**

**3.1 Authenticate Check Register 11/1/2022 to 11/30/2022**

Treasurer Hjorth inquired into check number 17184 paid to the Santa Ana Watershed Project Authority (SAWPA) and specifically asked if this is for the cloud seeding project. Reggie Lamson, General Manager, responded yes; and stated the project has been delayed this year. SAWPA is obtaining the equipment and getting the stations in place. Treasurer Hjorth inquired into check number 17195 paid to Bear Valley Electric and asked what the credits were for. Dani McGee, Chief Financial Officer, responded that she would look into the nature of the credits. Treasurer Hjorth inquired into check number 17235 paid to Nativescapes and asked if staff solicited quotes from other local landscaping companies. Dani responded yes; and Nativescapes was the only quote received. Treasurer Hjorth inquired into check number 17244 paid to Silk Worldwide and stated the list price of cell phone boosters is \$599. Danny Ent, Water Superintendent, responded that multiple cell phone boosters were purchased for different departments. Treasurer Hjorth asked if the DWP installed the boosters. Danny responded yes; and stated there are no issues with the boosters.

*Motion made by Treasurer Hjorth, seconded by Commissioner Smith, and carried 5-0 to authenticate the Check Register for December 2022.*

*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*

*NOES: -*

*ABSTAIN: -*

### **3.2 Amendment No. 3 to the WLC Agreement for Design and Construction Management Service for the Master Space Plan**

Commissioner Smith stated he is concerned because this is a new project scope, and he disagrees with the attorney. Reggie responded that Mike Riddell with BB&K has a great deal of knowledge as well as, he typically discusses issues with other attorneys in his office. Commissioner Cylwik asked if we received a structural engineering report for the existing building. Reggie responded no; and stated that he received a verbal from Kelley Needham with PBK Architects who spoke with a structural engineer. Commissioner Cylwik stated that for the benefit of the ratepayers he would like to see a structural engineering report as well as a second opinion on the existing office building. Chair Tarras inquired into the project timeline. Reggie responded that the design of the office building and site improvements is expected to take eight to twelve months and construction of the office building and site improvements is expected to take one year. Commissioner Cylwik stated that he agreed with Commissioner Smith that although an Amendment of the WLC Agreement is legal it is not necessarily appropriate.

Commissioner Smith stated that some consultants may have more experience with designing ground-up buildings. Reggie responded that WLC designed City Hall and the Victor Valley Water District from the ground-up. Treasurer Hjorth inquired into the downside of preparing a Request for Proposals (RFP). Reggie responded that it takes staff time to prepare the RFP and contact architects, enable consultants sufficient time to respond, and staff time to review proposals received and make a recommendation to the Board. Reggie further stated the delay will take approximately three to four months for the RFP process. Reggie added that he will request PBK to obtain a structural engineering report and he will contact WSC to also prepare a structural engineering report for Board review.

Chair Tarras asked if financing options have been reviewed. Reggie responded that six options have been reviewed. The USDA can fund a new building with low interest rate loans and grants. Additionally, because we will be installing new solar panels on top of the new warehouse, the USBR has Energy Efficiency grants that match 50% of project costs. Treasurer Hjorth asked why we are not moving the existing solar panels. Reggie responded the current panels are approximately seven years old and the technology is aging. Reggie additionally stated that if we raise the solar component on top of the new warehouse, we may be able to use the solar to power Lakeplant Wells No. 5 and No. 6. Commissioner Cylwik asked if we can salvage the existing solar panels. Reggie responded possibly such as on the Wolf Reservoir. Commissioner Cylwik inquired into where the Emergency Command Center is for the Bear Valley. Danny responded that the Emergency Command Center is at the Big Bear Airport.

Chair Tarras asked to what degree the new solar panels are more efficient. Reggie responded that he didn't know and that he was advised there have been a great deal of improvements in solar energy since the Division Well Field was constructed. Vice-Chair Willey stated that she read there are new

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requirements with solar panels. Reggie responded that he is not aware of new requirements and that Bear Valley Electric has a new rate structure for water agencies in the Bear Valley. Reggie further stated that currently only the DWP and BBARWA are part of this new rate structure. Chair Tarras asked if the MWD has pursued solar projects. Reggie responded the MWD considered solar for the proposed hatchery and that the hatchery has been tabled for later.

### 3.3 Short-term Full-Time Staffing - Field

Treasurer Hjorth asked if the total budget is \$45,000. Dani responded yes; for this fiscal year. Commissioner Smith inquired into the reason for the addition. Dani responded because the employees have not retired yet.

*Motion made by Commissioner Smith, seconded by Vice-Chair Willey, and carried 5-0 to authorize the budget adjustment of \$45,427 and authorize two additional Meter Technician positions on a temporary basis.*

*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*

*NOES: -*

*ABSTAIN:*

### 3.4 Amendment No. 4 to the WSC Agreement for Design and Construction Management Services for the 2023 Pipeline Replacement Project

Treasurer Hjorth inquired into the document that lists project priorities. Reggie responded that the document is the Capital Improvement Plan and the segments of pipeline for this Project are labeled priority one. Commissioner Cylwik inquired into the status of the design for the Wolf Reservoir Project. Reggie responded that the survey has been completed and there has been some work on the design. However, the design has been postponed to focus on the design for the 2023 Pipeline Replacement Project and the building for the Division Well No. 6. Commissioner Cylwik inquired into the credits offered by WSC. Reggie responded that the credits refer to the portion of pipeline removed from the Wolf Reservoir Project and added to the 2023 Pipeline Replacement Project.

Commissioner Smith stated that he is concerned because the original Agreement was only for \$100,000 and there have been three previous Amendments. Reggie responded the RFP and Agreement was for design services for the first five years of the ten-year capital improvement plan. Reggie added that the engineering consultants who proposed were all aware the scope of the RFP was for \$16 million in construction projects. Commissioner Smith asked if the services are budgeted. Reggie responded that the proposed budget adjustment is \$44,000.

*Motion made by Vice-Chair Willey, seconded by Commissioner Cylwik, and carried 5-0 to approve the budget adjustment of \$44,345, approve a Purchase Order Amendment for the Wolf Reservoir reducing the purchase order # 22-14391 by \$170,070, and approve design and construction management services for the 2023 Pipeline Replacement Project in the amount of \$414,315.*

*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*

*NOES: -*

*ABSTAIN: -*

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**3.5 Resolution No. DWP 2022-XX – Amendments to Investment Policy #2017-04**

Treasurer Hjorth stated that he reviewed the options and only sees a slight risk diversifying with CAMP. Commissioner Cylwik stated the he like the notion of diversifying investments and that we should also include laddered CDs and Treasury Bills. Dani responded that the Investment Policy already provides us the option to invest in laddered CDs Treasury Bills. Commissioner Smit inquired into what caused the fluctuation between LAIF and CAMP. Dani responded that LAIF’s investment strategy was long-term and when the federal reserve raised interest rates, they were stuck until they can turn the investments around. Dani added that CAMP’s investment strategy was short-term and flexible. Dani also stated both LAIF and CAMP are conservative. Commissioner Smith asked if there is additional risk with CAMP. Dani responded that CAMP has controls in place when investments trend outside of parameters and stated LAIF confirmed we will not realize a loss with LAIF investments.

*Motion made by Vice-Chair Willey, seconded by Treasurer Hjorth, and carried 5-0 to adopt Resolution No. 2022-22 amending DWP Policy No. #2017-04 Investment Policy and authorize staff to execute documents necessary to open an account with CAMP.*  
*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*  
*NOES: -*  
*ABSTAIN: -*

**3.6 RV Park Well No. 1 Repair and Pumping Unit Replacement**

Treasurer Hjorth asked if the long-term plan is the drilling of a new well. Reggie responded that this repair is essentially building a new well. Treasurer Hjorth inquired into the expected life of the repair to RV Park Well No. 1. Reggie responded that the expected life is fifty years and that this repair is not just a band-aid. Commissioner Cylwik Inquired into the status of RV Park Well No. 2. Reggie responded that we replaced the pumping unit for RV Park Well No. 2 six months ago. Commissioner Cylwik asked if we just recently accepted the RV Park into our water system. Reggie responded the RV Park has always been a part of our water system and that just recently we modified the terms of our Agreement. Commissioner Cylwik stated his understanding this is a maintenance project. Reggie responded that the attorney stated the same. Commissioner Cylwik asked what constitutes “emergency conditions”. Reggie responded by reading the definition as follows “An emergency is defined as a breakdown in machinery, equipment, or infrastructure resulting in the interruption of an essential service, or creating a distinct threat to public health, safety or welfare.” Commissioner Cylwik asked why this request was brought to the Board when a purchase order could have taken care of this. Reggie responded that the expense is greater than \$25,000 which requires Board approval. Chair Tarras asked when the repair and pumping unit replacement is expected to be completed. Reggie responded at the end of February because it will take three to four weeks to obtain materials.

*Motion made by Treasurer Hjorth, seconded by Commissioner Smith, and carried 5-0 to approve a budget adjustment of \$55,000, declare “Emergency Conditions” are appropriate to restore redundant water supply to the RV Park in a cost effective and timely manner, and approve the repair services for RV Park Well No. 1 for \$49,871.71 to Tri County Pump Company and budget internally a 10% contingency for a total amount of \$55,000.*  
*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*  
*NOES: -*  
*ABSTAIN: -*

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### 3.7 Staffing Transition – Accounting Supervisor

*Motion made by Vice-Chair Willey, seconded by Commissioner Smith, and carried 5-0 to approve a budget adjustment of \$35,600 and approve the funding for the training of the Accounting Supervisor.*

*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*

*NOES: -*

*ABSTAIN: -*

At 10:12 a.m., Chair Tarras called a break.

At 10:22 a.m., Chair Tarras called the meeting back to order.

### 3.8 FY 2023/24 through FY 2027/28 Water Rate Study Presentation

Commissioner Cylwik asked why the model assumes 3-4% and does not include 1-2%. Kevin Kostiuk, Manager for Raftelis, responded that the model has the ability for 1-2% but that means a reduction in capital spending. Chair Tarras stated the Board can approve a 3-4% water rate increase and annually can make the decision to enact rates below the approved maximum rate increase. Reggie added that the Board did exactly that in 2020 when the COVID pandemic occurred. Commissioner Smith asked if the water rate study takes into consideration capital improvements. Reggie responded yes; the recommended rate increases assume continued capital improvement projects of approximately \$3.2 million annually.

Chair Tarras inquired into the impact of the new office building on the water rates. Dani responded that the new office building was not captured in the study because it has not been authorized by the Board. Chair Tarras stated the master space plan should have been included in the water rate study. Reggie responded that the project is not defined yet and it will be two to three years before meaningful funds are allocated to the master space plan. Treasurer Hjorth asked if the plan will be to reduce pipeline projects when we shift to construction of the office building. Reggie responded that we may defer pipeline projects during this time. Chair Tarras inquired into what the cost will be for design. Reggie responded the cost is around \$700,000 and that we budgeted \$400,000.

Treasurer Hjorth asked if the Replenish Big Bear Project was included in the water rate study. Reggie responded yes; the Replenish Big Bear Project has been included in the rate study because funding has been approved by the Board. Chair Tarras stated the City Charter states the DWP may only borrow a maximum amount in any one year and asked the consultant if he has seen that before. Kevin responded that he has not. Chair Tarras asked the consultant about average water rates. Kevin responded that it varies widely by size of water district. Commissioner Smith stated the Bear Valley is unique. Treasurer Hjorth inquired into whether the rate increases taken into consideration stand-by charges. Dani responded stand-by charges offset rate revenues.

Chair Tarras inquired into the impact if the DWP added another rate class. Kevin responded that would be an amendment to the proposed rate study. Commissioner Smith stated his understanding the Board is being asked direction to take. Reggie responded yes; and that the consultant will refine the presentation to reflect the direction of the Board. Treasurer Hjorth inquired into the current Consumer Price Index

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(CPI). Dani responded that it has been averaging over 7%. Treasurer Hjorth stated that even at a proposed 4% increase, we are below the current CPI. Reggie responded that we are fortunate the grants received have built up our reserves. Dani confirmed the proposed rate increase is less than inflation. Vice-Chair Willey asked if we approved 3% and then want to increase it later. Dani responded that would require a whole new water rate study. Commissioner Cylwik stated that it makes sense to move forward with a 4% increase because the Board is not obligated to impose a rate increase on rate payers. Reggie responded yes; and every year the Board has flexibility what increase to implement up to 4%.

Commissioner Cylwik asked why Raftelis struggled to “harmonize” its methods with existing rates. Kevin responded that Raftelis disagrees with approaches taken by other consultants and that Raftelis’ approach is in line with the AWWA manual. Treasure Hjorth asked for more information on the specific differences. Kevin responded there are general and specific philosophical differences with basic rates versus capacity charges and how it is allocated. Kevin further stated other consultants use a hybrid approach. Dani stated that historically the DWP’s water rates reflect our community characteristics including our large second homeowner population. Chair Tarras asked if our rate classes are too simplified and that we have concerns with the number of Airbnbs in the Bear Valley. Kevin responded that to add a rate class, you need to see different usage patterns at the meter to have a cost justification.

Commissioner Cylwik asked how often a water company can’t harmonize their rate structure with Raftelis. Kevin responded that they are seeing this issue more and more because of differing philosophies. Chair Tarras stated that he is comfortable with a recommended 4% increase because it gives us flexibility. Commissioner Smith stated he agrees. Reggie stated that even at 4% we are proposing rates lower than most water agencies in the State. Commissioner Smith inquired into the schedule. Erik Sund, City of Big Bear Lake City Manager, responded the City Council recently voted to only meet once a month on the second Wednesday of the month. Dani suggested that we bring the proposed water rates to the Board at their regular Board meeting in January and bring the proposed water rates to the City Council in mid-February.

### **3.9 Management Reports**

Commissioner Cylwik inquired into the comp time payout. Dani responded that we encourage staff to use their comp time instead of vacation time and there is a low volume of payout. Dani added that she will research and get back to the Board. Commissioner Smith inquired into the status of the Risk Management policies. Reggie responded that target dates are included in the Follow-Up Items list. Commissioner Smith stated that the Conservation education component is a good thing. Commissioner Cylwik asked what AM Conservation is. Bennett stated that he will research. Treasurer Hjorth asked how the meters were holding up during the recent freezing nights. Danny responded that only a couple of meters froze because the frost protection was moved. Danny added there were broken services but not broken meters. Reggie stated the radio read program is paying off and the DWP is on pace to identify 2,800 leaks this year. Treasurer Hjorth stated that is interested in seeing a demonstration of Cityworks. Dani responded that we are planning a demo in January.

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**3.10 Board Member Reports**

Vice-Chair Willey stated the Holiday Party was delightful. Commissioner Cylwik stated that he requested to attend both conferences for elected officials in 2023.

**4. FOLLOW-UP ITEMS**

**4.1 Board Follow-Up Items**

**ADJOURNMENT**

No additional business came before the Board. At 11:44 a.m., Chair Tarras adjourned the meeting.



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Leeanne Eagleson, Management Analyst/Board Secretary

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