



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF MEETING OF THE FINANCE AND AUDIT COMMITTEE
Thursday, December 6, 2018 at 3:00 p.m.
560 Magnolia Avenue, Beaumont, CA 92223**

Directors present:	Chairman Hoffman, Director Slawson (Committee members)
Directors absent:	None
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Senior Engineer Mark Swanson, Assistant Director of Operations James Bean, Senior Finance and Administrative Analyst Bill Clayton, Accounting Technician Sally Hernandez, Administrative Assistant Erica Gonzales
Members of the public who registered	Judy Bingham, David Fenn, Libi Uremovic

CALL TO ORDER

Chairman Hoffman called the meeting to order at 3:00 p.m. at 560 Magnolia Avenue, Beaumont, California.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda

The Committee adopted the agenda as presented.

2. Review and Acceptance of the November 1, 2018 Minutes of the Finance and Audit Committee

The Committee accepted the minutes of November 1, 2018 as presented.

3. Receive and File the Check Register for the Month of October 2018

The Committee received and filed the October 2018 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the October 2018 Budget Variance Report
- b. Review of the October 31, 2018 Cash/Investment Balance Report
- c. Review of Check Register for the Month of November 2018
- d. Review of November 2018 Invoices Pending Approval

Chair Hoffman noted the District bought as much water as possible this year, therefore the budget reflects 7.21 percent of budgeted amount remaining. This is expected to exceed budget by the end of the year. Mr. Jagers explained that this would have been even more, but due to hydraulic constraints, the District did not obtain as much water as it may have. The District will purchase as much as possible. Jagers also clarified the pass through amounts.

Ms. Uremovic inquired about additional revenue included in the budget. Ms. Rodriguez indicated this topic would be discussed at the Budget Workshop later in the afternoon.

The amount approved for human resources consultants HR Dynamics was \$25,000; the report reflects the amount billed to date.

Chair Hoffman pointed out some line items that were well below what had been budgeted. Staff explained the activity.

The State Water Project purchases are over budget. Jagers explained that the District is spending more now on water supply, but when the water is sold the District will recoup its expenditures.

Chair Hoffman noted that electricity is over budget. Ms. Rodriguez noted that a budget adjustment would be done in January. GM Jagers also explained that with the human resources study performed, the professional services item is over budget.

Ms. Uremovic commented on rates.

GM Jagers briefed the Committee on Watermaster safe yield and return flow components.

Director Slawson asked about public notices. Ms. Rodriguez explained the District must post unclaimed deposits in the newspaper.

Chair Hoffman asked about the expense for two-way radios. Mr. Jagers explained that part of the safety program is to improve communication for the field crews. The Personnel Committee identified that radios were an important part. Bids were solicited and 12 radios were installed. They can reach all the way across the service area. They will work in an emergency condition when cell towers are inoperable.

After review and discussion, the Committee recommended presenting the Financial Reports to the Board for approval.

5. Ongoing discussion regarding San Gorgonio Pass Water Agency water rate study and potential impacts on BCVWD

General Manager Jagers advised that the Pass Agency has a workshop scheduled on Monday, December 10, to present an idea for a long-term approach for looking at the water rate. Mr. David Fenn offered some comments from the SGPWA perspective.

Ms. Uremovic commented on the plans for recycled water with the City of Beaumont. General Manager Jagers explained the process and goals. Uremovic suggested a joint meeting at the wastewater plant site to verify construction timelines and expressed doubt that the City would complete the project.

Mr. Fenn continued, adding that he, as a SGPWA Board member, now favored a softer approach to the imported water rate increases. He explained that he listened to the retailers and rather than recovering the costs as quickly as possible, the rates may continue to be supplemented with reserves, as funds have been collected from the agencies over the years. However, those reserves will dry up. As a ratepayer, he continued, his property taxes are supplementing imported water. He said that he calculated that if the water rate doubles and is added as a pass through, the rates for customers would increase \$3 per person per month. He also noted that homeowners are paying property taxes to the SGPWA for the EBX 2 bonds.

6. Action List for Future Meetings: *None.*

ANNOUNCEMENTS

Chair Hoffman read the following announcements:

- Special Board Meeting (Budget Workshop): December 6, 2018 at 6 p.m.
- Regular Board meeting: December 12, 2018 at 6:00 p.m.
- District Offices will be closed on Tuesday, December 25 in observance of Christmas Day
- District Offices will be closed on Tuesday, January 1 in observance of New Year's Day
- Collaborative Agencies Committee meeting: January 2, 2019 at 5:00 p.m.
(Location: Beaumont-Cherry Valley Recreation and Park District – Noble Creek Community Center, 390 W. Oak Valley Pkwy)
- Finance and Audit Committee Meeting January 3, 2019 at 3:00 p.m.
- Regular Board meeting: January 9, 2019 at 6:00 p.m.
- Engineering Workshop: January 24, 2019 at 6:00 p.m.
- Personnel Committee Meeting: January 28, 2019 at 5:30 p.m.
- Bogart Park Ad Hoc Committee meeting: PENDING February 4, 2019 at 5:45 p.m.
- Beaumont Basin Watermaster Committee: February 6, 2019 at 10 a.m.

There is also a SGPWA Rate Study Workshop on Monday at 1:30 p.m.

ADJOURNMENT

Chair Hoffman adjourned the meeting at 4:06 p.m.



David Hoffman, Chairman to the
Finance and Audit Committee of the Beaumont-Cherry Valley Water District