



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF MEETING OF THE FINANCE AND AUDIT COMMITTEE
Wednesday, November 7, 2019 at 3:00 p.m.
560 Magnolia Avenue, Beaumont, CA 92223**

Directors present:	Director Hoffman and Director Slawson (Committee members)
Directors absent:	None
Staff present:	Director of Finance and Administrative Services Yolanda Rodriguez, Senior Finance and Administrative Analyst Bill Clayton, Senior Engineer Mark Swanson, Assistant Director of Operations James Bean, Accounting Technician Sally Hernandez, and Administrative Assistant Erica Gonzales
Members of the public who registered:	None.

CALL TO ORDER

Director Hoffman called the meeting to order at 3:03 p.m. at 560 Magnolia Avenue, Beaumont, California.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda: None.

2. Review and Acceptance of the October 2, 2019 Minutes of the Finance and Audit Committee

The Committee accepted the minutes of October 2, 2019 as presented.

3. Receive and File the Check Register for the Month of September 2019

The Committee received and filed the September 2019 Check Register as presented.

4. Financial Reports/Recommendations
 - a. Review of the September 2019 Budget Variance Report
 - b. Review of the Quarterly Statement of Cash Flows for September 30, 2019
 - c. Review of the September 30, 2019 Cash/Investment Balance Report
 - d. Review of Check Register for the Month of October 2019
 - e. Review of October 2019 Invoices Pending Approval

Director Hoffman clarified the facilities fee for recycled water is charged to developers for implementation of recycled water; Mr. Swanson confirmed. Director Hoffman noted that revenue from developer fees was higher than budgeted, and Mr. Swanson reminded that the District budgets conservatively. Reality is that the number will likely be exceeded, he said. Swanson answered Director Hoffman's question about funds for booster stations and explained planned facilities.

Director Hoffman pointed out water importation charges and asked about income. Ms. Rodriguez explained it is recovered in water sales and Mr. Clayton provided detail. Hoffman noted it will be about 20 percent uncollected. Mr. Swanson added that the District budgets for water ordered but does not pay for water not delivered and the full order may not be delivered by the end of the year due to constraints. Mr. Bean added detail on the water deliveries and said there will be reductions.

Director Hoffman pointed out interest-earning investments.

Director Hoffman asked about payments for insurance and Ms. Rodriguez noted auto and liability through ACWA/JPIA is paid until September 2020. Hoffman asked if it may be advantageous to put it out to bid; Ms. Rodriguez said her experience shows savings through the ACWA/JPIA pool, but it will be examined periodically. She responded to additional questions from Director Hoffman.

In response to Director Slawson, Mr. Bean assured that if there is an incident, employee drug / alcohol testing is immediate.

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

5. Analysis: Monthly electricity expenditures related to production

Director Slawson asked about the recent power shutdown. Mr. Bean detailed the 28-hour outage and explained the District's action. A full report will be given to the Board at the next meeting.

A cost analysis was made to determine the effect of running during peak periods in order to prepare for the outage, Bean said. It made sense to go ahead and run to assure tanks are full to assure fire flow, Bean said. Diesel refueling services were obtained to assure the generators were topped off and ready.

Director Slawson asked if the District would be required to change to natural gas generators with new air quality regulations. Mr. Bean indicated the District's generator use is regulated to 200 hours per year and usage is inspected. Mr. Bean explained staff is planning for operational changes in the future and will be looking for grant funding to obtain additional generators.

Mr. Swanson added more detail regarding preparation for the next shutdown event(s). Mr. Bean noted that conservation messages were coordinated with the city with the objectives to keep the tanks as full as possible to provide fire flow if needed.

Mr. Swanson explained the analysis of time of use rates balanced with the needs to fill the tanks in preparation for the power shutoff.

6. Action List for Future Meetings:

- Update on Water Supply Conditions
Mr. Swanson advised of constraints to water delivery.
- Water rates
- Capacity fees

ANNOUNCEMENTS

Director Hoffman read the following announcements:

- District Offices will be closed on Mon., Nov. 11, 2019 in observance of Veterans Day
- Regular Board Meeting: Wed., Nov. 13, 2019 at 6:00 p.m.
- Engineering Workshop: Thurs., Nov. 21, 2019 at 6:00 p.m.
- Personnel Committee Meeting: Mon., Nov. 25, 2019 at 5:30 p.m.
- Association of California Water Agencies Fall Conference: Dec. 3 – 6 in San Diego
- District Offices will be closed on Thurs., Nov. 28, 2019 in observance of Thanksgiving Day
- Beaumont Basin Watermaster Committee Meeting: Wed., Dec. 4, 2019 at 10:00 a.m.
- Finance and Audit Committee Meeting: Thurs., Dec. 5, 2019 at 3:00 p.m.

ADJOURNMENT

Director Hoffman adjourned the meeting at 3:50 p.m.

A handwritten signature in black ink, appearing to read "David Hoffman", written over a horizontal line.

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

