



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, March 4, 2021 at 3:00 p.m.

***Meeting held via teleconference pursuant to
California Government Code Section 54950 et. seq. and
California Governor's Executive Orders N-29-20 and N-33-20***

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:03 p.m. via teleconference.

Announcement of Teleconference Participation

Director of Finance and Administrative Services Yolanda Rodriguez clarified that this meeting is conducted via teleconference pursuant to California Government Code Section 54953, and under Executive Order N-29-20 and N-33-20 of the Governor of California.

The teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting, pursuant to the Brown Act and the Governor's Executive Order. Under the Governor's Executive Order and the Gathering Guidelines of the California Department of Health due to the danger of COVID-19, the teleconference locations are not publicly accessible. The public's right to comment and participate in the meeting is being assured via teleconference capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will use sound discretion and make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to meetings.

Attendance

Directors present:	Director Hoffman and Director Covington
Directors absent:	None.
Staff present:	Director of Finance and Administrative Services Yolanda Rodriguez Senior Engineer Mark Swanson Senior Finance and Administrative Analyst William Clayton Accountant III Lorena Lopez Administrative Assistant Erica Gonzales Assistant Director of Operations James Bean (joined at 3:30 p.m.)
Members of the public who registered:	None

Director of Finance and Administrative Services Yolanda Rodriguez verified that all members of the Finance and Audit Committee and staff have indicated that they are able to hear the other members clearly on the teleconference. No member expressed any reason to believe, based on voice recognition or otherwise, that those persons representing themselves to be directors are not truly so.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda: *None.*

2. Review and Acceptance of the Minutes of the Finance and Audit Committee:
 - a. February 4, 2021

The Committee accepted the minutes as presented.

MOVED: Covington	SECONDED: Hoffman	APPROVED
AYES:	Covington, Hoffman	
NOES:	None.	
ABSTAIN:	None.	
ABSENT:	None.	

3. Receive and File the Check Register for the Month of January 2021

Director Covington asked about County Health Department permits for individual wells. Senior Finance and Administrative Analyst William Clayton explained that he and Assistant Director of Operations James Bean investigated the invoices and confirmed they are related to continuing renewal of the District’s hazardous waste plan. Chair Hoffman asked for detail, Director Covington explained the County requirements and discussion ensued. Chair Hoffman and Director Covington recommended further discussion.

The Committee received and filed the January 2021 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the January 2021 Budget Variance Reports
- b. Review of the January 31, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of February 2021
- d. Review of February 2021 Invoices Pending Approval

Chair Hoffman commented that investments increased by approximately \$2 million.

Some expenses on the check register were clarified in response questions from Chair Hoffman including Cla-Val, West Coast Electric, and Babcock Laboratories.

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

5. Analysis of Statement of Cash Flows (unaudited) for the Two Months Ended February 24, 2021 and February 29, 2020

Director of Finance and Administrative Services Yolanda Rodriguez reviewed the variances and trends, noting that receipts from customers compared to last year is a difference of \$138,000. She pointed to a decrease in salaries and benefits and advised that the District is currently using several temporary staff.

Capital contributions were significantly higher than last year due to development activity Rodriguez said. Total cash and investments were \$72 million compared to last year's \$62 million, she pointed out.

6. Report on District Vendor Expenditures in Fiscal Year 2021

Director of Finance and Administrative Services Yolanda Rodriguez reminded the Committee of the request at the January 7 meeting for detailed vendor information and introduced the report.

Director Covington indicated satisfaction with the report. He pointed out an error on the Urban Habitat contract date and Assistant Director of Operations James Bean provided detail.

In response to Director Covington, Senior Engineer Mark Swanson explained the delay in well work by Thomas Harder and Co. Chair Hoffman asked about Harder's costs to date and remainder to completion. Mr. Swanson noted that Harder is waiting on direction from staff; details are being determined. Chair Hoffman asked if the Harder contract costs will need to be re-evaluated if it waits too long. Director Covington pointed out that these had been approved by the Board as priority projects and asked for a report at the next Finance and Audit Committee meeting. Mr. Swanson provided some project detail.

Director Covington asked about the status of the Noble Tank and Pipeline Project. Mr. Swanson indicated that encroachment issues related to the pipeline portion of the plan need to go to the County for review and will be sent off shortly, and the tank component needs to go to the Division of Drinking Water. There are also site grading issues to be resolved, he said. Once the plans are back from the County, he said, it will be ready for production of bid documents, Swanson explained. Director Covington recalled that the environmental work had been done.

Director Hoffman commented that the report is beneficial.

Director Covington asked if the performance of Townsend and Associates had been satisfactory. Ms. Rodriguez reported that Townsend is in constant communication with the Senior Accountant (grant manager). Townsend provides information on available grants and assists with determination of whether the District would qualify for certain grants, Rodriguez explained. They are currently looking into COVID-related funding, she said.

Rodriguez assured the Committee that staff evaluates the performance annually to determine if the service is cost effective for the District. In response to Covington, Ms. Rodriguez assured that when Townsend identifies something for which the District may qualify, they send it to Senior Accountant Sylvia Molina who then communicates with her and the general manager. Covington pointed out the cost of \$4,000 per month and opined that the District should not be missing anything and there should be an ongoing exchange of information. He also noted the availability of low interest USDA loans for consideration when funding large capital projects.

The Committee requested this report on a quarterly basis and directed staff to add this to the full Board meeting agenda packet.

7. Analysis: Year-to-Date Analysis of Electric Cost to Pump Groundwater

The Committee requested that this change to a quarterly report.

8. Investment Advisory Services

Ms. Rodriguez reminded the Committee that at the February 4, 2021 meeting, the Committee discussed maximizing return on investment and minimizing risk and suggested investigating options. She presented findings, suggested a three-year effort, and asked for guidance.

Director Hoffman said he had suggested a fee-only advisor to determine if it might be beneficial to go on to the next step. Ms. Rodriguez explained the needs of the District and options, including current processes with CalTrust and LAIF.

Director Covington indicated he would need additional information to make a recommendation. Senior Finance and Administrative Analyst William Clayton suggested that other investment opportunities may be available and the way to investigate that is to hire a professional. Ms. Rodriguez provided further detail on the potential services sought. Covington suggested hiring someone to look at the District's history, do an evaluation and make a recommendation to the Finance and Audit Committee that could be moved forward to the Board. He said he did not want to hire a broker at this time.

Director Hoffman agreed with the information gathering approach and directed staff to engage a fee-only consultant to evaluate the District's position, investigate possibilities and provide guidance, which he estimated would not cost more than \$1,000 to \$2,000.

9. Correspondence – Receive and File

a. Required correspondence from FY 2020 Independent Audit Firm

Senior Finance and Administrative Analyst William Clayton advised that every year, the auditor provides the District with an engagement letter which is their form of a contract in addition to the District's contract. He reviewed the letters from Rogers Anderson Malody and Scott (RAMS) and pointed out a minor \$3 discrepancy.

In response to Chair Hoffman, Mr. Clayton advised this will be the fourth year that RAMS has performed the audit and the state requires that the District change its audit partner after five years. This does not mean that the same firm cannot perform the audit, he explained, but it must be a different person signing the report.

After discussion, the Committee directed staff to forward the letter to the full Board.

10. Action List for Future Meetings:

- a. Update on Recycled Water and Wastewater Treatment Plant
- b. Capacity charges (facilities fees)
- c. Report on fee-based financial advisors
- d. Riverside County required permits and hazardous materials plans

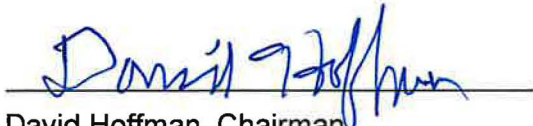
Director Covington requested use of Zoom for video teleconferencing for the next meeting.

ANNOUNCEMENTS – Pursuant to Governor’s Executive Order N-33-20, all BCVWD Board and Committee meetings will be held via Teleconference until further notice or otherwise indicated below:

Chair Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, Mar. 10, 2021 at 6 p.m.
- Personnel Committee Meeting: Monday, Mar. 15, 2021 at 6 p.m.
- Engineering Workshop: Thursday, Mar. 25, 2021 at 6 p.m.
- Finance and Audit Committee Meeting: Thursday, Apr. 1, 2021 at 3 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Apr. 7, 2021 at 10 a.m.

ADJOURNMENT: 4:45 P.M.

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

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