



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, April 1, 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 video teleconference.

Announcement of Teleconference Participation

Senior Finance and Administrative Analyst William Clayton 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:	General Manager Dan Jaggars Senior Engineer Mark Swanson Senior Finance and Administrative Analyst William Clayton Accountant III Lorena Lopez Administrative Assistant Erica Gonzales
Members of the public who registered:	None

Senior Finance and Administrative Analyst William Clayton 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. March 4, 2021

The Committee accepted the minutes as presented.

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

Director Hoffman noted that the Committee had requested more information on the Thomas Harder contract. Mr. Jagers indicated this would be addressed at a future meeting.

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

4. Financial Reports/Recommendations

- a. Review of the February 2021 Budget Variance Reports
- b. Review of the February 28, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of March 2021
- d. Review of March 2021 Invoices Pending Approval

Chair Hoffman drew attention to purchases from Badger Meter and Inland Water Works and asked about inventory control. General Manager Jagers explained that those purchases were primarily related to the Automatic Meter Read / Advanced Meter Infrastructure project for which the District received the \$1.5 million grant. Approximately 500 to 800 meters per month are being replaced, he noted. He explained the process, and Accountant III Lorena Lopez added detail.

Director Covington asked about a charge from Ken Grody Ford and pointed out that vehicle repairs are being done at several different vendors. He suggested investigating use of one vendor to provide more favorable pricing. Ms. Lopez noted that the usual vendor has become extremely busy, and work has been distributed to different vendors as available. Covington pointed out that work should be done under warranty when possible. Chair Hoffman pointed out the wear and tear on District vehicles due to their stop-and-start use. Discussion about fleet leasing and District needs ensued.

In response to Chair Hoffman, Ms. Lopez identified the charges as Verizon telephone landlines to the office and cell phones, and Frontier as the internet provider. Hoffman advised that he recently changed to Spectrum and found the service better and less

costly. General Manager Jagers indicated that the District's needs are determined by the expertise of the Director of Information Technology.

Chair Hoffman asked about a higher-than-usual cost for paving. Mr. Jagers reminded the Committee about discussion on the City's encroachment permits and said that increased costs are expected. He estimated a \$30,000 to \$50,000 or more expenditure increase year over year based on the City of Beaumont's new requirements. Director Covington commented on the requirements. Mr. Jagers discussed current road work.

Chair Hoffman asked about payment to the Beaumont Basin Watermaster. Mr. Jagers explained the District's participation.

Hoffman commented that there seems to be fewer refund checks. Jagers advised that due to a change in rate formula (vetted through the rate study), the Committee will see some larger than usual refund checks.

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

Chair Hoffman noted that interest rates are down by 6 percent from 2020 and expressed interest in seeking higher returns.

General Manager Dan Jagers advised that since this is a dry water year, the District will be selling water from storage that was purchased at the previous lower rates. He noted that without purchases of imported water, the figures in the report may not reflect the expected expenses.

6. Update on Investment Advisory Services

General Manager Jagers noted that the San Gorgonio Pass Water Agency has had discussions on investment strategy but has not moved forward. In the low-interest rate years, there could be a lot of work done to suffer the same return on investment, he said. It does not appear that a robust change in strategy would generate more money, Jagers noted.

Staff has worked on an RFP and is ready to go, however Jagers said he prefers to wait and see, provide a summary to the Board, and be prepared to move forward quickly once the information bears out. Senior Finance and Administrative Analyst William Clayton added that financial consultants have been contacted as was directed at the last meeting.

Chair Hoffman directed staff to keep this item on the agenda for further discussion.

7. Riverside County Environmental Health hazardous waste permits and costs

General Manager Jagers explained that the District has 11 sites that require a business plan. Staff has discussed where plans might be consolidated and hazardous waste stored

in condensed areas, and where less chlorine can be stored and moved in more frequently. Jagers said he did not think it could be consolidated much more.

Mr. Swanson shared the reporting requirements of the state Health and Safety Code. For the quantity of materials used by the District, it may not be possible to get deliveries on the frequency needed for District's uses, or would be difficult to achieve with the volume of water the District puts out, Swanson explained.

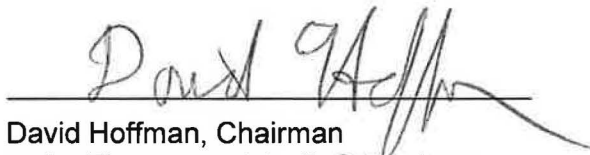
There are permit fees to process the business plan and checklists, Swanson stated, and Mr. Jagers explained that there would be a trade-off in staff time to receive deliveries and manage the process. He detailed the plan contents and indicated that the ultimate goal is to meet the requirements. He said he believes the District is doing the best it can.

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:

- Beaumont Basin Watermaster Committee: Wednesday, Apr. 7, 2021 at 10 a.m.
- Regular Board Meeting: Wednesday, Apr. 14, 2021 at 6 p.m.
- Personnel Committee Meeting: Monday, Apr. 19, 2021 at 5:30 p.m.
- Engineering Workshop: Thursday, Apr. 22, 2021 at 6 p.m.
- Finance and Audit Committee Meeting: Thursday, May 6, 2021 at 3 p.m.

ADJOURNMENT: 4:24 P.M.

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

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