



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Thursday, June 3, 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***

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**CALL TO ORDER**

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

**Announcement of Teleconference Participation**

Acting Director of Finance and Administrative Services 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. 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 and Zoom meeting capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will 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 Jagers Senior Engineer Mark Swanson Acting Director of Finance and Administrative Services William Clayton Accountant III Lorena Lopez Administrative Assistant Erica Gonzales
Members of the public who registered:	Larry Smith, San Geronio Pass Water Agency

Acting Director of Finance and Administrative Services 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:** *Mr. Larry Smith of the San Geronio Pass Agency introduced himself as representing a supporting partner agency.*

## **ACTION ITEMS**

1. Adjustments to the Agenda: *None.*
  
2. Review and Acceptance of the Minutes of the Finance and Audit Committee meeting of May 6, 2021

*The Committee accepted the minutes of the May 6, 2021 Finance and Audit Committee meeting by consensus.*

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

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

4. Financial Reports/Recommendations

- a. Review of the April 2021 Budget Variance Reports
- b. Review of the April 30, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of May 2021
- d. Review of May 2021 Invoices Pending Approval

*Chairman Hoffman pointed to collection of capacity charges (facilities fees) and General Manager Jagers explained the budget.*

*Mr. Jagers responded to questions about activities and expenses including CalFire crew, Urban Habitat, a vehicle, meters and materials and equipment. Jagers advised that with the Board's recent approval of the Antonelle pipeline project, staff has been making purchases to assure there is no delay in delivery of material acquisition.*

*Director Covington commented on purchases from Inland Water Works. Jagers explained the bid process.*

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

5. Continued Discussion of the Draft 2020 Comprehensive Annual Financial Report

*Jagers reminded the Committee that this was presented at the Special Meeting on May 25, 2021 and a few minor changes have been made.*

*Acting Director of Finance and Administrative Services William Clayton explained the change of name of the report to the Annual Comprehensive Financial Report per the Government Finance Officers Association. He reviewed minor changes and pointed out that total water supply had been amended to include final approved numbers from the Beaumont Basin Watermaster.*

*Chair Hoffman invited public comment. There was none.*

6. Review of Revenues Loss, Accounts Receivable Balances, and Cash Flows as related to the ongoing COVID-19 Local State of Emergency

*Acting Director of Finance and Administrative Services William Clayton presented the report and shared highlights. He pointed out the continued growth of inactivation fee revenue loss and noted that the Board had reinstated the late fee and credit card processing fee in March.*

*Director Covington advised that funding will be available from the Fiscal Recovery Fund that is intended to come back to public agencies to cover costs (administrative, unpaid water bills) related to the COVID-19 pandemic and will come via the State. He recommended that the grant consultant monitor the opportunity. He also noted there will be infrastructure funding available. Clayton added that there is a link to a County program for emergency rental assistance and utility bill payment assistance. Covington pointed out that money awarded to applicants will go directly to the utility provider.*

*Mr. Clayton pointed out a reduction in accounts due and acknowledged that customers are paying their bills, but Jagers advised caution and discussed potential exposure.*

*Clayton explained total cash and investments as of May 27. Potential principal reduction in CalTRUST was highlighted in response to Chair Hoffman.*

7. Report on District Vendor Expenditures in Fiscal Year 2021

*General Manager Jagers reviewed the report. Chair Hoffman asked about long-term items and Jagers explained that projects are beginning to ramp up again post-COVID. Hoffman acknowledged increased costs of materials and labor.*

8. Update Regarding Options for Fleet Operations and Maintenance Programs and Associated Expenses

*General Manager Jagers advised that staff is more cognizant of maintenance and repair costs. He said he is evaluating a program in use by the City of Banning to budget funds for vehicle replacement via a lease activity.*

9. Update on Investment Advisory Services

*General Manager Jagers explained that Chandler Asset Management (Chandler) had done a preliminary evaluation of the District's investments. He suggested leaving half of the funds intact and determining an investment strategy for the other. He pointed out the issue with CalTRUST.*

The services of Chandler to offer a more robust investing strategy may cost approximately \$32,000 to \$34,000 per year, Jagers advised. There are few entities in the area providing these services, he pointed out and said it may not be conducive to releasing a Request for Proposal.

Jagers pointed to the Chandler PowerPoint in the agenda packet and provided highlights. Other agencies have indicated that their investments are doing better than would have been without the investment services.

Committee members will review the information and address at the July meeting. Covington asked if the District's portfolio would represent an attractive client to the investment advisor. Jagers said that Chandler indicated it would. Covington pointed out that with current low interest rates, the cost of a manager may create a negative. Jagers said he would do additional research.

#### 10. Discussion of 2021 Update of 2019 Water Rate Model

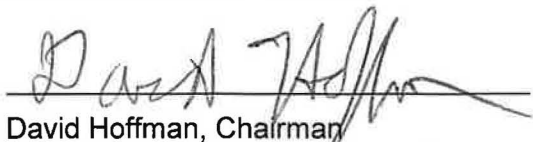
General Manager Jagers reminded the Board of the work of Raftelis Financial Consultants and noted that there may be some value to initiating the recommended one-year review of the rates. He said he would analyze the value of the work and a recommendation would be brought back to the Committee.

**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, Jun. 9, 2021 at 6 p.m.
- Personnel Committee Meeting: Monday, Jun. 21, 2021 at 5:30 p.m.
- Engineering Workshop: Thursday, Jun. 24, 2021 at 6 p.m.
- Finance and Audit Committee Meeting: Thursday, Jul. 1, 2021 at 3 p.m.
- District Offices will be closed Monday, Jul. 5, 2021 in observance of Independence Day
- Collaborative Agencies Committee: Wednesday, Jul. 7, 2021 at 5 p.m.

**ADJOURNMENT: 4:44 P.M.**



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