



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, October 7, 2021 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:04 p.m.

Announcement of Teleconference Participation

Senior Finance and Administrative Analyst William Clayton announced that the teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting.

Attendance

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Finance and Administrative Services Kirene Manini, PhD Director of Operations James Bean Senior Engineer Mark Swanson Senior Finance and Administrative Analyst William Clayton Human Resources Coordinator Sabrina Foley Accountant III Lorena Lopez Senior Accountant Sylvia Molina Accounting Technician Erica Gonzales
Members of the public who registered:	None.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda: *None.*
2. Review and Acceptance of the Minutes of the Finance and Audit Committee meetings of August 5, 2021 and September 2, 2021

The Committee accepted the minutes of the Finance and Audit Committee regular meetings of August 5, 2021 and September 2, 2021 by consensus.

3. Receive and file the Check Register for the Month of August 2021

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

4. Financial Reports/Recommendations

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

General Manager Jagers advised that the budget will require adjustment at some point to cover actual costs.

Chair Hoffman noted that the costs of materials and supplies have increased, and the budget may run short.

Mr. Jagers pointed out the costs of maintenance and repaving, the increase in costs being the result of the City of Beaumont's policy and paving moratorium. He said he anticipated it to worsen. Chair Hoffman noted that the District is adjusting to the expense, but the ratepayers are unaware of the situation. There is no choice on this expense, he explained. He wondered if there was a way in which to communicate this information in a neutral manner. Mr. Jagers explained that once true costs are obtained, he would meet with the City Manager to review.

Chair Hoffman noted that the cash balance has increased in the past month. He noted ongoing research on obtaining greater return on investment.

Chair Hoffman asked if the backhoe had been delivered. Director of Operations James Bean said it had and that staff was being trained, and provided additional detail.

Director Williams requested an update on the services of Redistricting Insights. Mr. Jagers reported on progress and requirements.

Mr. Bean responded in detail to Chair Hoffman's request for an update on the work of contractor Urban Habitat. The contract is up in March 2022 and will be taken out to bid, Bean stated. Hoffman pointed out it must be prevailing wage. Hoffman noted that Noble Creek Recharge Facility (NCRF) Phase 1 should be addressed when possible. Mr. Jagers advised that the District is understaffed but is working to attract good staff and find an interim solution. Director Hoffman said he would like to see the opportunity to maintain the integrity of the fencing in Phase 1 which is in need of repair.

Director Williams asked about the 181 credit reports, and Mr. Clayton explained they are for new customers. Accounting Technician Erica Gonzales and Senior Accountant Sylvia Molina explained the soft credit check process.

Chair Hoffman noted that legal expenses are higher than usual.

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

5. Expense and Per Diem Compensation Claims Submitted for Approval

The Committee reviewed the reports. Mr. Jagers pointed out policy changes resulting in the reports coming to the F&A Committee.

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

General Manager Jagers briefly reviewed the report. In response to Director Williams, he explained that the moratorium on some fees has again been moved back. She noted an increase in past due accounts. Staff explained billing periods and higher use during the summer months.

Mr. Jagers noted that payment plans had increased and there remains \$5,000 to \$6,000 outstanding. Mr. Clayton advised that information will be added to the report next time.

Discussion continued about water use patterns.

Director Hoffman pointed to a substantial reduction in Capital Replacement Reserves and asked if that was related to projects approved and ongoing. Mr. Jagers stated that extra imported water was purchased last year, and some emergencies were encountered. Mr. Clayton pointed out spending on the AMR/AMI project and well repairs. In response to Hoffman, Mr. Jagers advised that expenses for the Sites Reservoir are coming from capacity charges (facilities fees).

7. Review of Sites Reservoir Project Phase 2, Amendment 3 inclusion on the SGPWA Statement of Charges

Jagers explained that there is a new amendment including three pay periods. The San Gorgonio Pass Water Agency (SGPWA) has elected to support it and it is being considered by other entities, he said. The three pay periods equal a total of \$400 per acre-foot (af). Over the next three years this will equate to \$1.6 million over a series of payments. The first one is \$100 per af, \$140 for the second, and \$160 for the last, he explained.

Jagers advised that he and President Slawson met Monday with the SGPWA Board President and general manager to discuss how this is moving forward. There have been some developments related to the costs being put on the debt service ad valorem tax base, he noted.

8. Update of District Paving Activities and Encroachment Permits within the City of Beaumont

Mr. Jagers estimated a permitting cost of \$1,200 per encroachment permit, plus pavement repairs, costing approximately \$10,000 for a total of approximately \$300,000 annually. Director Williams asked about permit costs and Jagers answered that the City is charging inspection fees at their fully burdened rate. He reminded the Committee about the attendance of the City management team at a

recent Board meeting to advise that they would recover the costs for the City employees.

Director Williams recommended that BCVWD staff assure that City staff is performing the work for which it is charging the District. Mr. Jagers assured that a full report would be forthcoming, and discussion would take place with the City.

Director Williams pointed out that the District staff is spending time assisting the City with their process as a partner. Jagers acknowledged the frustration and the cost to ratepayers.

9. Review of 2022 Budget Meeting Schedule

Dr. Manini reviewed the meeting schedule. A Special Meeting was set for November 22, prior to the Engineering Workshop.

10. Action List for Future Meetings

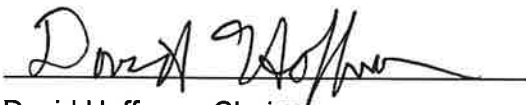
- *Fleet Maintenance opportunities*

ANNOUNCEMENTS

Chair Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, Oct. 13, 2021 at 6 p.m.
- Personnel Committee Meeting: Monday, Oct. 18, 2021 at 5:30 p.m.
- Engineering Workshop: Thursday, Oct. 28, 2021 at 6 p.m.
- Collaborative Agencies Meeting: Wednesday, Nov. 3, 2021 at 5:30 p.m.
- Finance and Audit Committee Meeting: Thursday, Nov. 4, 2021 at 3 p.m.
- District offices will be closed Thursday, Nov. 11 in observance of Veterans Day

ADJOURNMENT: 4:10 P.M.



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