



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE SPECIAL MEETING
Monday, November 22, 2021 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:18 p.m.

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 Senior Finance and Administrative Analyst William Clayton Senior Accountant Sylvia Molina Administrative Assistant Cenica Smith
Members of the public who registered:	None

PUBLIC INPUT: None.

ACTION ITEMS

1. Adjustments to the Agenda: *None.*
2. Draft BCVWD Fiscal Year 2022 Operating and Capital Improvement Budget Preliminary Finances

Chair Hoffman emphasized that staff and directors should be comfortable with the clarity and understanding of the budget.

Mr. Jagers explained the placeholder for the general manager's salary.

Dr. Manini introduced the budget document and noted that the Committee is studying a draft document.

Chair Hoffman added that the budget reflects numbers that are representative of what is hoped will occur, but there are factors over which the District has no control, such as materials, fuel costs, utilities, CalPERS, and more. He pointed out that in his business, he has seen unanticipated increases in prices over a short time. He suggested the Finance and Audit Committee pay careful attention to the reports regarding expenditures to budget, to understand where the District stands.

Mr. Jagers provided assurance and explained some variable costs and strategies. Mr. Clayton reminded the Committee about the 2019 rate study which built in a 7 percent increase each year to cover projected inflated costs over the following five years. Staff discussed inflation rates.

Chair Hoffman suggested contracting out labor when necessary and pointed out 2021 expenditures under budget due to understaffing. He recommended a firm foundation of personnel. Mr. Jagers noted that temporary staffing is used when appropriate.

Chair Hoffman said customers are not familiar with the components of how the rate is determined. He opined that the District has been doing better at communicating with the ratepayers and said he hoped the activity would provide returns.

Chair Hoffman directed attention to the large investment in the Sites Reservoir and emphasized the need for ratepayers to understand the financing.

Director Williams drew attention to some typos and consistency issues.

Mr. Jagers advised that the results of the classification study and compensation studies by Koff are not included in this budget. He also detailed the organizational chart in relation to budgeted positions.

In response to Director Williams, Mr. Clayton explained that the 2021 development fees collected were under budget due to a slowdown in construction. Mr. Jagers pointed out that some funds are being pushed forward into 2022 and explained the tracking of projects. Williams also asked about development income allocated to GIS, and staff explained the deposits to cover GIS activities.

Hoffman noted that water sales are greater than projected, and Jagers reminded that imported water was not available for purchase. Clayton added that there is not a 2022 projection for increase in consumption; it is hoped that customers will conserve.

Staff reviewed pass-through charges and revenue. Staff reviewed sections of the budget document and responded to questions from the Committee members.

Director Williams pointed out that \$379,000 for maintenance and repair / paving is excessive. Mr. Jagers expressed frustration with the City's new encroachment permit process and paving requirements and provided a brief update. He noted that Councilman Mike Lara had indicated willingness to hear the District's concerns.

3. Review of 2022 Budget Meeting Schedule

The Committee reviewed the draft meeting schedule and agenda content.

ADJOURNMENT: 5:00 P.M.



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