



**BEAUMONT-CHERRY VALLEY WATER DISTRICT
MINUTES OF MEETING OF THE FINANCE AND AUDIT COMMITTEE
Thursday, March 7, 2019 at 3:00 p.m.
560 Magnolia Avenue, Beaumont, CA 92223**

Directors present:	Chairman Hoffman, Director Slawson (Committee members)
Directors absent:	None
Staff present:	General Manager Dan Jagers, Director of Finance and Administrative Services Yolanda Rodriguez, Senior Finance and Administrative Analyst Bill Clayton, Senior Engineer Mark Swanson, Accountant III Lorena Lopez, Administrative Assistant Erica Gonzales
Members of the public who registered	Tom Todd

CALL TO ORDER

Chairman Hoffman called the meeting to order at 3:03 p.m. at 560 Magnolia Avenue, Beaumont, California.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda

The Committee adopted the agenda as presented.

2. Review and Acceptance of the February 7, 2019 Minutes of the Finance and Audit Committee

The Committee accepted the minutes of February 7, 2019 as presented.

3. Receive and File the Check Register for the Month of January 2019

The Committee received and filed the January 2019 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the January 2019 Budget Variance Report
- b. Review of the January 31, 2019 Cash/Investment Balance Report
- c. Review of Check Register for the Month of February 2019
- d. Review of February 2019 Invoices Pending Approval

Director Hoffman noted that 40 percent of budgeted non-operating revenue has already been received, which follows the pattern of previous years and depends on the progress of building and fees collected. Expenses are close to target, he pointed out.

Reserves were increased by \$1.2 million over a period of one month, he noted. Mr. Clayton advised that the \$142,000 interest income from LAIF was received in January for interest earned on investments from October through December of 2018; it is paid quarterly.

Mr. Jagers responded to questions about implementation of a 12 percent increase in electrical rates. He explained time of use rates. With new wells being built and rates increasing, the periods of time to run the pumps must be chosen when rates are lowest such as in the middle of the night. Director Hoffman advised that the state is pushing entities toward alternative fuels and he said he believes at some time the District will be required to transfer to solar. He asked staff to create a breakdown of what the District spends on electricity each month in relation to gallons pumped over the last two years in order to see the costs compared to production.

Mr. Jagers explained that the District pumped more water last year than anticipated, and he cited reasons such as the lessening of conservation and landscaping of 1,500 new homes. All of this adds to the cost of pumping, he said.

Mr. Jagers explained water supply invoices from the Department of Water Resources and the San Gorgonio Pass Water Agency and commented on water deliveries.

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

5. Correspondence – Receive and File

- a. Letter outlining the Planned Scope and Timing of the Audit for Fiscal Year Ended December 31, 2018, pursuant to Statements on Auditing Standards No. 114 (SAS 114)

Director of Finance and Administrative Services Yolanda Rodriguez presented the letter and explained this is routine communication with the Board.

6. Update and discussion regarding San Gorgonio Pass Water Agency (SGPWA) water Supply Opportunities, Water, Funding Strategies and Costs, and potential impacts on BCVWD ratepayers

General Manager Jagers advised that the SGPWA will hold a rate workshop on Monday at 1:30 p.m. Mr. Jagers explained the implications of a SGPWA rate increase.

This has been a wet year, Jagers explained, and water will be coming to the area. He provided an analysis of the water supply statewide. He said he expects it to be a more than 70 percent water delivery year and explained variables affecting the District with potential for expenditures.

7. Action List for Future Meetings:

- Update on Water Supply Conditions
- Water rates

- Capacity fees
- Analysis: Monthly electricity expenditures related to production

ANNOUNCEMENTS

Chair Hoffman read the following announcements:

- Regular Board meeting: March 13, 2019 at 6:00 p.m.
- Personnel Committee meeting: March 25, 2019 at 5:30 p.m.
- Engineering Workshop: March 28, 2019 at 6:00 p.m.
- Beaumont Basin Watermaster Committee Meeting: March 27, 2019 at 10 a.m.
- Finance and Audit Committee meeting: April 4, 2019 at 3:00 p.m.
- Collaborative Agencies Committee meeting: May 1 at 5 p.m.

Mr. Jagers added there is a 2x2 Water Reuse Committee meeting on March 12 at 5 p.m.

ADJOURNMENT

Chair Hoffman adjourned the meeting at 4:10 p.m.



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

