



**BEAUMONT-CHERRY VALLEY WATER DISTRICT  
MINUTES OF MEETING OF THE FINANCE AND AUDIT COMMITTEE  
Thursday, September 5, 2019 at 3:00 p.m.  
560 Magnolia Avenue, Beaumont, CA 92223**

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Directors present:	Director Hoffman and 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, and Accounting Technician Sally Hernandez
Members of the public who registered	None.

**CALL TO ORDER**

*Director Hoffman called the meeting to order at 3:05 p.m. at 560 Magnolia Avenue, Beaumont, California.*

**PUBLIC INPUT:** *None.*

**ACTION ITEMS**

1. Adjustments to the Agenda: *None.*
2. Review and Acceptance of the August 1, 2019 Minutes of the Finance and Audit Committee

*The Committee accepted the minutes of August 1, 2019 as presented.*

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

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

4. Financial Reports/Recommendations
  - a. Review of the June 2019 Budget Variance Report
  - b. Review of the Quarterly Statement of Cash Flows for June 30, 2019
  - c. Review of the June 30, 2019 Cash/Investment Balance Report
  - d. Review of Check Register for the Month of July 2019
  - e. Review of July 2019 Invoices Pending Approval

*Director Hoffman introduced the reports and drew attention to the Item A staff report on a budget adjustment due to additional State Project Water purchases. Director of Finance and Administrative Services Yolanda Rodriguez explained the anticipated expenditure which is above the General Manager's authority of \$50,000. To date, the imported water*

cost totals \$2.818 million. Remaining in the budget is a balance of \$34,000, and imported water purchases at \$399 per acre-foot are expected to exceed that remainder. General Manager Jagers explained the water purchase will require expenditure from reserves. Director Slawson asked about the three additional water purchases anticipated above the budgeted amount in the scenarios presented; Mr. Jagers said this projects purchases in the next four months.

Jagers continued. The District is buying water in the wet years to sell in the dry years as water is currently available. Overspending in wet years balances with the drought years. He explained the delivery constraint on the East Branch Extension. The replenishment need is 9,400 AF, and the District adds 300 AF for drought-proofing new houses, Jagers noted. In the last years, Jagers said, the District ordered 16,000 or more AF but with the SGPWA recharge facilities coming on line, the District will buy less water.

Director Hoffman noted that for 2020, the District ordered 12,500 AF. Mr. Jagers explained regional water orders. Director Hoffman noted the budgeted amount will more than double with this adjustment. Mr. Jagers pointed out the price of the imported water changed from \$317 to \$399 per acre foot. He recommended buying supply, as there is a lot of development and the District cannot afford to fall short.

Director Hoffman asked if the funds were coming from unrestricted reserves and how much was available. Mr. Clayton confirmed unrestricted reserves and noted the assets were reviewed last month in the quarterly report.

Director Hoffman noted that sales are behind projections due to conservation and rainy weather. Director Slawson posited that usage will increase.

Directors Hoffman and Slawson observed this is the first time that total cash and investments has decreased. Ms. Rodriguez noted that water purchase is a big impact.

GM Jagers explained conditions at the recharge facility in response to Director Hoffman's inquiry on an expense. Director Hoffman indicated disappointment at the deterioration of the facility landscaping. GM Jagers noted it was expensive upkeep for little use by the public.

Director Slawson pointed out the payment on the Sites Reservoir participation. Mr. Jagers explained the conversion of Class A water.

In response to Director Slawson, Mr. Jagers noted that Townsend is the District's grant consultant. The District applied for two grants but has been unsuccessful.

Director Slawson commented on the expense of outfitting new fleet vehicles with toolboxes and other accessories. Mr. Jagers acknowledged the expense but advised that the goal is to prevent theft.

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

##### 5. Analysis: Monthly electricity expenditures related to production

Director Hoffman acknowledged the report.

6. Update and discussion regarding San Geronio Pass Water Agency (SGPWA) Tax Rate Setting Data, Water Supply Opportunities, Water Funding Strategies and Costs, and Potential Impacts on BCVWD Ratepayers

*Mr. Jagers reminded the Board about \$28 million in costs for the Sites Reservoir components between now and 2035. This will be significant to the District and will be addressed in the rates and capacity fees.*

*Jagers advised that the SGPWA General Manager discussed with the SGPWA Board leaving the 2020 imported water rate at \$399. He noted that the SGPWA may have a new general manager in 2020.*

7. Action List for Future Meetings:
  - Update on Water Supply Conditions
  - Water rates
  - Capacity fees

## **ANNOUNCEMENTS**

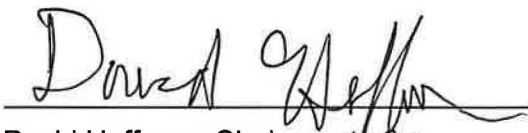
*Director Hoffman read the following announcements:*

- Regular Board Meeting: September 11, 2019 at 6:00 p.m.
- Personnel Committee meeting: September 23, 2019 at 5:30 p.m.
- Engineering Workshop: September 26, 2019 at 6:00 p.m.
- Beaumont Basin Watermaster Committee Meeting: October 2, 2019 at 10:00 a.m.
- Finance and Audit Committee Meeting: October 3, 2019 at 3:00 p.m.
- BCVWD Centennial Celebration and Regular Board Meeting: Oct. 9, 2019 at 6:00 p.m.
- Collaborative Agencies Committee Meeting: November 6, 2019 at 5:00 p.m.
- District Offices will be closed on Monday, November 11 in observance of Veterans Day
- Association of California Water Agencies Fall Conference: Dec. 3 – 6 in San Diego

*Director Hoffman commented on the Centennial Celebration.*

## **ADJOURNMENT**

*Director Hoffman adjourned the meeting at 4:01 p.m.*



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