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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, September 3, 2020 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

CALL TO ORDER

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

Announcement of Teleconference Participation

Director of Finance and Administrative Services Yolanda Rodriguez 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, pursuant to the Brown Act and the Governor's Executive Order. Under the Governor's Executive Order and the Gathering Guidelines of the California Department of Health 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 capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will use sound discretion and make reasonable efforts to 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 Slawson
Directors absent:	None.
Staff present:	General Manager Dan Jaggers Director of Finance and Administrative Services Yolanda Rodriguez Senior Engineer Mark Swanson Senior Finance and Administrative Analyst Bill Clayton Accountant III Lorena Lopez Administrative Assistant Erica Gonzales Administrative Assistant Brandy Llanes
Members of the public who registered:	None

Director of Finance and Administrative Services Yolanda Rodriguez 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.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda: None.

2. Review and Acceptance of the August 6, 2020 Minutes of the Finance and Audit Committee

The Committee accepted the minutes of August 6, 2020 as presented.

3. Receive and File the Check Register for the Month of July 2020

The Committee received and filed the July 2020 Check Register as presented.

4. Financial Reports/Recommendations

    a. Review of the July 2020 Budget Variance Reports
    b. Review of the July 31, 2020 Cash/Investment Balance Report
    c. Review of Check Register for the Month of August 2020
    d. Review of August 2020 Invoices Pending Approval

Chair Hoffman reviewed the reports.

Chair Hoffman pointed to non-operating revenues (facilities fees and front footage fees) and noted an uncollected balance of 2.55 percent, indicating fees have exceeded what was initially budgeted. General Manager Jaggers explained that facilities fees are contributed by developers and the budget is based on what is anticipated to be collected. This is a restricted fund to build facilities that does not affect the bottom line, he said.

Chair Hoffman noted that a little over six months into the year the District is close to target with the budget. Water sales have increased, Hoffman pointed out, so there will be an increase in electricity expense. There will also be expenses related to the fire, he stated. Hoffman said he believes the District is in a good position. Ms. Rodriguez concurred and advised that there has been revenue loss and staff is refraining from spending.

Director Slawson asked about the expense of Legend Pump and Well Service (page 40). Chair Hoffman recalled that much of the expense was likely emergency repairs. General Manager Jaggers reminded the Committee of emergency repairs on Wells 21 and 24 and described the work. He noted that Legend Pump and Well had been immediately available and had recently been the lowest responsive bidder on the last five or six projects. Jaggers indicated staff is reasonably comfortable with their prices and has history to compare for value. He indicated staff is satisfied with Legend's willingness to partner with the District in these emergency situations.

Director Slawson asked about truck damage. Mr. Jaggers explained that Unit 41 struck a power pole and a damage report was turned in to the insurance carrier, but the District made the initial payment. There will be a report out at a later time, Jaggers advised.

Chair Hoffman pointed to payments for imported water and asked about delivery. Mr. Jaggers indicated water is being delivered at 24 cfs and the District is working with the San Gorgonio Pass Water Agency (SGPWA) to turn off if a big storm event is anticipated. Jaggers advised that staff is developing strategies to make sure all water ordered is received.

Director Slawson asked about the purchase of a storage container. Mr. Jaggers explained it was purchased for inventory control as part of the District's AMI project, and will later convert to storage.

Director Slawson asked about purchase of K-rail. Mr. Jaggers explained that the District's highest risk facilities have been protected and is nearly done with related purchases. He detailed some of the uses. The District purchased refurbished, not new, K-rail and may have future uses for it. If not, it may be re-sold, Jaggers said. Director Hoffman asked about placement of specific K-rail, and Mr. Jaggers indicated that it was not placed by the District.

In response to Chair Hoffman, Mr. Jaggers assured that the leased office space on 6th Street is in use by Engineering staff.

In response to Director Slawson, Ms. Lopez explained an expense for paving at Well 22. Mr. Jaggers detailed the work performed.

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

5. Analysis of Statement of Cash Flows (unaudited) for the Seven Months Ended August 27, 2020 and August 31, 2019

Ms. Yolanda Rodriguez reviewed the report. She pointed out expenses related to Southern California Edison and the SGPWA. Net cash is close to the amount at the same time last year, she noted. Cash and investments as of August 31, 2020 is $64 million as compared to $59 million in 2019. Much of this is related to development activity, Rodriguez noted.

Ms. Rodriguez pointed out that unrestricted cash and investments include $3.5 million in reserves representing three months of operating expenses, an emergency reserve of $2.1 million and $23.4 million in capital replacement reserves. She explained that staff tries to budget and be fiscally responsible and said the District is still in a good position.

Rodriguez reminded the Committee about the upcoming AMR / AMI project with the 50 percent matching grant which will mean expenditures from capital replacement reserves.

Unrestricted cash and investments have increased by 5.1 percent over 2019, Rodriguez concluded.

6. Analysis: Year-to-Date Analysis of Electric Cost to Pump Groundwater

Chair Hoffman acknowledged the report.

7. San Gorgonio Pass Water Agency (SGPWA) and Sites Project Authority Phase 2 Participation Agreement and Associated Costs

General Manager Jaggers reminded the Committee that the Board authorized the Phase 2 agreement and advised that the SGPWA had forwarded the agreement as executed by their general manager. Jaggers said he will soon sign and send it back, which encumbers BCVWD with a $400,000 commitment.

8. Update: Apple Fire and Potential Debris Flows and Emergency Activities

General Manager Jaggers advised that staff is working closely with local area partners. He added that the Riverside County Flood Control and Water Conservation District (Flood Control) and the Riverside County Emergency Management Department are working with local fire and police to coordinate how the winter might look but there is no specific information yet published.

Jaggers reminded the Committee that he had a discussion with Flood Control General Manager Jason Uhley regarding a debris catch basin on District property south of the entrance to Bogart Park and supported partnering as long as there is not a significant financial impact to the District.

9. Action List for Future Meetings:

   - Update on Recycled Water and Wastewater Treatment Plant
   - Update on Water Supply Conditions
   - Capacity charges (facilities fees)

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:*

Director Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, September 9, 2020 at 6:00 p.m.
- Engineering Workshop: Thursday, September 24, 2020 at 6:00 p.m.
- Personnel Committee Meeting: Monday, September 28, 2020 at 5:30 p.m.
- Finance and Audit Committee Meeting: Thursday, October 1, 2020 at 3:00 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, October 7, 2020 at 10 a.m.

ADJOURNMENT

Director Hoffman adjourned the meeting at 3:59 p.m.

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