



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, February 4, 2021 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 3:01 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 Williams
Directors absent:	None.
Staff present:	General Manager Dan Jagers Senior Engineer Mark Swanson Director of Finance and Administrative Services Yolanda Rodriguez Assistant Director of Operations James Bean Senior Finance and Administrative Analyst Bill Clayton Accountant III Lorena Lopez Account Payable Clerk Laurie Ochoa Administrative Assistant Brandy Llanes Administrative Assistant Erica Gonzales

Members of the public who registered:	None
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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. No member expressed any reason to believe, based on voice recognition or otherwise, that those persons representing themselves to be directors are not truly so.

PUBLIC INPUT: *None.*

ACTION ITEMS

1. Adjustments to the Agenda: *None.*

2. Review and Acceptance of the Minutes of the Finance and Audit Committee:
 - a. December 3, 2020
 - b. January 7, 2021

The Committee accepted the minutes of December 3, 2020 and January 7, 2021 as presented.

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

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

4. Financial Reports/Recommendations

- a. Review of the December 2020 Budget Variance Reports
- b. Review of the December 31, 2020 Cash/Investment Balance Report
- c. Review of Check Register for the Month of January 2021
- d. Review of January 2021 Invoices Pending Approval

In response to a question from Chair Hoffman, Director of Finance and Administrative Services Yolanda Rodriguez explained that there was no budgeted amount in 2020 for grant revenue because staff did not know whether the grant application would be successful. The District did ultimately receive \$35,950 in grant funds.

Director Hoffman commented on building activity resulting in 22 percent greater capacity charges (facilities fees) collection in 2020. Ms. Rodriguez, Senior Engineer Mark Swanson, and General Manager Jagers responded to questions from Chair Hoffman and Director Williams related to water sales and capacity charges.

Chair Hoffman pointed out that several checks are for small refunds. Accountant III Lorena Lopez explained that the \$1.75 is the standard fee for credit card charges, and these are refunds on closed accounts. Chair Hoffman pointed out that the processing costs could be higher than the check amount. Senior Finance and Administrative Analyst

Bill Clayton noted that these are vendor charges and explained the process. Under Government Code, the District must pay any unclaimed funds on closed accounts, he said. Ms. Rodriguez will follow up. Chair Hoffman pointed out the extra administrative expense is a good reason to cease waiving the credit card charges.

Mr. Jagers reminded the Committee of a question at the last meeting related to a payment for damage to an excavator. Between the District's insurance and the insurance purchased from the rental company (RDO), the District has received a credit for \$10,296. Ms. Lopez indicated that the District should receive a check in the next 30 days and the amount will be accrued to FY 2020.

In response to Chair Hoffman, Mr. Jagers explained a \$750 expense for repair of the handrail for the disabled access ramp in front of the office. Staff ordered parts and repaired the rail after it was damaged by an errant driver.

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

5. Response to Committee Questions Related to the November and December 2020 Check Registers

Chair Hoffman said he reviewed the report and the minutes of the January meeting. General Manager Jagers noted that he had reported additional information on item 8, RDO Equipment, earlier in this meeting.

Chair Hoffman commented on the costly repairs to the District's dozer by Quinn Company and that it appeared that California regulations precluded repairs to the radiator from being done here. Mr. Jagers pointed out that the repair included replacement of the drive train oil lines which was labor intensive. Assistant Director of Operations James Bean offered additional detail on the repair.

Chair Hoffman recommended that the Directors and staff review the report. Director Williams commented that the items in the report were thoroughly explained.

6. Review of HR Dynamics Contract, Services and Approved Budget

General Manager Jagers reminded the Committee that Director Covington had asked about a \$2,250 per month payment to HR Dynamics at the last meeting. He noted that the contract item was brought to the Board as part of the FY 2020 budget in December 2019. The report explains the ongoing activity, he stated.

Activities with HR Dynamics are ongoing, Jagers added, and an agreement will be brought to the Board at the next meeting for \$24,900.

Jagers reviewed the history and background of the HR department and partnership with HR Dynamics. He explained that with the upcoming negotiation of the employee Memorandum of Understanding and the classification and compensation study, ongoing HR consulting services are desired, and staff will be making a recommendation to the Board to maintain the HR Dynamics partnership. Ms. Rodriguez added that this was the most cost-effective assistance for the District.

Director Hoffman confirmed that a gradual transition is being made from use of outside services to in-house services with the availability for consultation on an as-needed basis. Mr. Jagers noted that not all services had been contracted out and pointed out that the District successfully navigated significant activities last year with COVID-19 and other issues, and HR Dynamics consultation helped the HR Coordinator.

Director Williams said she believes this is a good service to have, given the challenge of keeping up with rapid changes in laws and commented that the price is reasonable.

7. Analysis of Statement of Cash Flows (unaudited) for the Twelve Months Ended January 28, 2021 and January 31, 2020

Director of Finance and Administrative Services Yolanda Rodriguez reviewed the variances and trends. She noted a lag in data due to staff shortages related to COVID-19 and advised there will be a spike in February as a result.

8. Report on District Vendor Expenditures in Fiscal Year 2020

Chair Hoffman recalled that the Committee had had some questions on these items, and this is the report providing research by staff. General Manager Jagers explained that a monthly or bi-monthly report would look similar, keeping a running total of the contract as requested by Director Covington. Mr. Jagers said he would follow up with Director Covington.

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

Chair Hoffman indicated appreciation for this report to allow the Committee to compare costs.

10. Discussion regarding Engagement of a Financial Advisor to Direct District Investments

Chair Hoffman indicated that the goal is to maximize the return on investment received as well as minimizing risk. He suggested the District may benefit from input from a fee-only financial advisor to provide direction and available options.

Director Williams concurred with the goals and asked if there was any indication that interest may be increased in the existing investments. Ms. Rodriguez explained that the District currently has only two investment vehicles and the interest is currently very low but is competitive with others. She indicated that there is not much to gain right now due to rates, but the District can begin looking and prepare for options.

Mr. Jagers offered examples of comparable rates and other agencies' activities.

Director Williams concurred that a fee-based advisor would be preferable. Chair Hoffman directed staff to keep this an agenda item and put together a basic report for the next meeting.

11. Action List for Future Meetings:

- a. Update on Recycled Water and Wastewater Treatment Plant
- b. Capacity charges (facilities fees)
- c. ~~One Sheet Report on Expenditures for current District vendors (removed)~~
- d. Report on fee-based financial advisors

Chair Hoffman and Director Williams reported that they had received complaints from ratepayers about the District office not being open and acknowledged that this is being addressed.

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:

Chair Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, Feb. 10, 2021 at 6 p.m.
- District Offices will be closed on Monday, Feb. 15, 2021 in observance of Presidents Day
- Personnel Committee Meeting: Monday, Feb. 22, 2021 at 6 p.m.
- Engineering Workshop: Thursday, Feb. 25, 2021 at 6 p.m.
- Collaborative Agencies Committee Meeting: Wednesday, Mar. 3, 2021 at 5 p.m. (*in-person meeting at Beaumont Library; also available via Zoom*)
- Finance and Audit Committee Meeting: Thursday, Mar. 4, 2021 at 3 p.m.

ADJOURNMENT: 4:18 P.M.



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