



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, May 6, 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 video teleconference.

Announcement of Teleconference Participation

Acting Director of Finance and Administrative Services William Clayton 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. 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 and Zoom meeting capabilities.

The Beaumont-Cherry Valley Water District (BCVWD) will 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 Covington
Directors absent:	None.
Staff present:	General Manager Dan Jagers Senior Engineer Mark Swanson Acting Director of Finance and Administrative Services William Clayton Human Resources Coordinator Sabrina Foley Accountant III Lorena Lopez Administrative Assistant Erica Gonzales
Members of the public who registered:	None

Acting Director of Finance and Administrative Services William Clayton 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. April 1, 2021

The Committee accepted the minutes of the April 1, 2021 Finance and Audit Committee meeting by unanimous roll-call vote.

3. Receive and File the Check Register for the Month of March 2021

In response to Director Covington, Administrative Assistant Erica Gonzales explained the process for filing the monthly check register.

The Committee received and filed the March 2021 Check Register as presented.

4. Financial Reports/Recommendations
 - a. Review of the March 2021 Budget Variance Reports
 - b. Review of the March 31, 2021 Cash/Investment Balance Report
 - c. Review of Check Register for the Month of April 2021
 - d. Review of April 2021 Invoices Pending Approval

Chair Hoffman pointed to the Cash / Investment Balance Report and said it appeared that the cash position had increased by \$116,000 even with interest rates being lower.

In response to Chair Hoffman, Mr. Jagers explained recharge pond maintenance expenses and activities.

Chair Hoffman pointed to checks to the City of Beaumont and Mr. Jagers identified the \$6,000 as encroachment permit costs. There are added inspection costs, he noted. Chair Hoffman pointed out this is a new expense and the \$6,000 represents one month. Mr. Jagers estimated an annual cost of \$30,000 to \$50,000. A mid-year budget adjustment will be required, he noted. Director Covington pointed out these are deposits, and Jagers detailed the expected costs to be applied.

Ms. Sabrina Foley explained the expansion of the engagement survey process and contract of a sole-source contractor to open the District for engagement awards.

Director Covington reminded staff about follow up on analysis of lease vs. purchase of vehicles. Hoffman pointed out vehicle maintenance costs and Covington noted service performed at dealerships. Accountant III Lorena Lopez said she learned from Knute Dahlstrom, Field Superintendent, that certain things are under warranty and must be addressed through the dealer in order to maintain the warranty in the long run. She noted that with the price, there was likely more work done, but only so much data will fit into the description. Mr. Jagers added detail about work done and suggested discussion on the next Finance and Audit (F&A) Committee agenda.

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

5. Review of Revenues Loss, Accounts Receivable Balances, and Cash Flows as related to the ongoing COVID-19 Local State of Emergency

Acting Director of Finance and Administrative Services William Clayton reminded the Committee that this report will be presented monthly at the F&A Committee and will be forwarded to the Board quarterly as a consent calendar item. If F&A Committee members believe discussion is warranted, it can be pulled from the Consent Calendar for discussion.

Mr. Clayton reviewed the report in detail. He noted that the reinstatement of fees appeared to spur quicker payments.

General Manager Jagers explained that one large water district is considering never doing complete shutoffs. Director Covington said he believed that a federal push for a nationwide water non-shutoff had failed last week.

Mr. Clayton indicated that the actual amount outstanding on payment plans was approximately \$4,000. Jagers added that staff has researched delinquencies to assure no surprises and accuracy in reporting. As of March 31, there were 2,400 customers who would have been shut off without the moratorium, Clayton noted. This, along with the revenue loss, are the biggest concerns but the District's hands are still tied – customers cannot be shut off, Clayton explained. The reinstatement of late fees has helped, he advised, but the number is pretty big, and staff continues to monitor.

6. Summary of Multi-Residential / Commercial Adjustments due to Rules and Regulations 5-1.1.4 and 5-1.1.5 Revisions

General Manager Jagers reviewed the report.

7. Discussion regarding 2021 Operating Budget and Organizational Chart

Human Resources Coordinator Sabrina Foley reminded the Committee that the Director of Finance and Administrative Services had tendered her resignation and Mr. Clayton is serving as the Acting Director. She explained the re-evaluation of staffing needs of the department. Mr. Jagers added detail and stressed the need for redundancy.

Mr. Clayton explained the fiscal impact of the recommended Accounting Technician classification: approximately a \$37,462 increase over the budgeted but unfilled Account Clerk. In response to Director Covington, Mr. Jagers noted that every position is

budgeted at the top of the salary range. This title has been budgeted for the previous two years but is not in the current cycle and would be added back in, he explained.

Covington requested actual 2021 budget numbers be presented to the Board.

8. Discussion of Options and Timeline for Review of 2020 Comprehensive Annual Financial Report

Acting Director of Finance and Administrative Services William Clayton explained the process and the Committee set a special meeting on May 25, 2021 at 3 p.m. to review the report.

9. Update on Investment Advisory Services

Acting Director of Finance and Administrative Services William Clayton advised there are two top portfolio managers for public agencies: PFM Asset Management and Chandler Asset Management. The City of Beaumont and San Gorgonio Pass Water Agency both selected PFM, he noted.

The direction of the Committee was not necessarily to move forward, but to seek a consultant to help evaluate whether the option would make sense. Chandler will provide a snapshot and Mr. Clayton said he has an appointment with them later this month.

Once the summary is done, Jagers added, a report can be made to the Board. In response to Covington, Jagers noted potential policy changes that may be necessary and will require full Board authorization.

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, May 12, 2021 at 6 p.m.
- Personnel Committee Meeting: Monday, May 17, 2021 at 5:30 p.m.
- San Gorgonio Pass Regional Water Alliance Meeting: Wednesday, May 26, 2021 at 5 p.m.
- Engineering Workshop: Thursday, May 27, 2021 at 6 p.m.
- District Offices will be closed Monday, May 31, 2021 in observance of Memorial Day
- Beaumont Basin Watermaster Committee Meeting: Wednesday, Jun. 2, 2021 at 10 a.m.
- Finance and Audit Committee Meeting: Thursday, Jun. 3, 2021 at 3 p.m.

ADJOURNMENT: 4:36 P.M.



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