



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Thursday, February 3, 2022 at 3:00 p.m.**

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:07 p.m.*

**Announcement of Teleconference Participation**

Director of Finance and Administrative Services Kirene Manini, PhD announced that the teleconference capabilities of this meeting have been identified in the Notice and Agenda for this meeting.

*Attendance*

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Finance and Administrative Services Kirene Manini, PhD Senior Finance and Administrative Analyst Bill Clayton Director of Engineering Mark Swanson Director of Information Technology Robert Rasha Senior Accountant Sylvia Molina Accounting Technician Erica Gonzales Administrative Assistant Cenica Smith
Members of the public who registered:	None

**PUBLIC INPUT:** *None.*

**ACTION ITEMS**

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

Director Williams noted the sparse January 6, 2022 meeting minutes, and Mr. Jagers explained that there was no meeting recording.

*The Committee accepted the minutes of the Finance and Audit Committee Special Meeting of November 22, 2021 and Regular Meeting of January 6, 2022 by consensus.*

3. Receive and file the Check Register for the Month of December 2021

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

4. Financial Reports/Recommendations

- a. Review of the December 2021 Budget Variance Reports
- b. Review of the December 31, 2021 Cash/Investment Balance Report
- c. Review of Check Register for the Month of January 2022
- d. Review of January 2022 Invoices Pending Approval

*Chair Hoffman pointed to non-operating revenue. Senior Finance and Administrative Analyst Bill Clayton explained two line items that are considered revenue, but are not collections for accounting purposes. Mr. Jagers explained a unique 2005 financing agreement for the fees for the Fairway Canyon project. He added further history regarding water rights that did not materialize for the developer.*

*In response to Hoffman, Mr. Jagers assured that such agreements are not standard operating policy; most fees are collected on a pay-as-you-go basis. Chair Hoffman and Director Williams expressed concern about treating all developers fairly. Jagers assured that this is a one-time solution and would not be exercised in the future.*

*Mr. Jagers responded to Chair Hoffman's inquiry about the Capital Improvement Program (CIP) labor cost line item. The amount is a credit as it is funded via capital replacement reserves. Senior Finance and Administrative Analyst Bill Clayton added that labor cost for District employees who work on a capital project is paid on the regular line item above, but is offset with the CIP project budget. All costs are within the approved budget, Jagers assured.*

*Jagers directed attention to the source of supply. The District received a bill from the San Geronio Pass Water Agency (SGPWA) for water delivered in November 2021, and for the 500 acre-feet (af) recently purchased, he explained. Not all of the \$3.8 million budget for water supply was expended, as the water was not available to purchase, Hoffman clarified. That goes into reserves to purchase water this year if available, Jagers noted. Almost 8,000 af was used from the District's storage account last year, he advised. The revenue to buy the water is collected on the sales side.*

*Director Williams pointed out that total expenses were significantly under budget. Reasons for this include understaffing, inability to purchase water supply, unavailability of other supplies, and many other factors, Jagers and Hoffman noted.*

*Hoffman noted the delays in projects and the need to prioritize.*

*Hoffman noted that investments had improved, and interest was earned. He said he hoped this would do better as different areas of investment are explored.*

*Jagers assured that this is in process. He advised that an invoice had been received from Riverside County Flood Control for the first payment on the MDP Line 16 storm drain project in an amount of approximately \$1.38 million, which will be*

wired on Tuesday. Dr. Manini noted that the final process of the banking portion of the investments for the Chandler Asset Management (Chandler) account is being finished. Once that is done, the Board will see funds moving from CalTRUST into a US Bank account, which is the custody bank for Chandler. More robust investment reports will be available from Chandler, she noted.

Mr. Jagers answered questions regarding the Check Register:

- Title 22 water quality testing required by the Water Resources Control Board
- Robert Half temporary customer service representatives
- Luther's Truck and Equipment Repair service on 10-wheel dump truck

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

#### 5. Expense and Per Diem Compensation Claims Submitted for Approval

*The Committee acknowledged the reports.*

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

*The Committee reviewed the reports and staff provided information.*

*General Manager Jagers reminded the Committee that the District had received a grant of approximately \$165,000 to reduce the past due accounts from the range of \$300,000. He also noted the 187 total payment plan requests resulting in a balance remaining of just \$2,503, an indication of success.*

*Jagers noted the expiration of the water shut-off moratorium in January and advised that the District is at a point where shut offs can resume, but all accounts must be reconciled with the arrearages money. An action for Board consideration will come forward next week to resume shut offs on March 1, 2022. Dr. Manini added that customers who are receiving grant funds have received letters regarding their accounts, any remaining balances and option of a payment plan. Director Hoffman asked if the grant consultant had assisted with obtaining the arrearages funds; Jagers indicated that Senior Accountant Sylvia Molina and the Finance team did the work independently.*

*In response to Chair Hoffman, Mr. Jagers noted that Townsend assisted with asks to local legislators, but they were unsuccessful. No grants pursued were achieved, he stated. The Request for Proposal for a grant consultant will be published next week, he advised. Staff prepared a list of \$40 million in projects that may be eligible for the American Recovery and Reinvestment Act, and met with a County of Riverside representative to discuss and identified \$6 to \$8 million in potentially eligible projects, Jagers advised. Chair Hoffman requested tracking and reporting of progress on the item. Mr. Jagers advised of further upcoming activity to get onto the County's list.*

*Chair Hoffman asked about the prior contract with Townsend and Associates. Mr. Jagers reminded that the cost was \$4,000 per month, and that the \$1.5 million grant for the AMR/AMI project was successful. With all the opportunities that may be coming, Jagers continued, there is still need for this assistance. Staff is working hard and there is not a lot of free time to take on more, he said.*

*Dr. Manini added that Mr. Swanson provided a list of grants for which staff has already attended multiple trainings and BCVWD has been included on notifications. She also pointed out that the District requires financial capability, as grants are primarily reimbursements.*

*Mr. Jagers also reported a conversation with Beaumont City Manager Todd Parton that included discussion of recycled water and other opportunities to partner.*

7. Analysis: Year-to-Date Electric Cost to Pump Groundwater

*Chair Hoffman said he compared wells from 2020 to 2021, and noted that all Southern California Edison (SCE) costs were greater; not because more water was being pumped, but due to SCE rate increases. Mr. Jagers reminded that the direct pass-through rates were recently adjusted, and will be again in 2022.*

8. Discuss Timeline of Fiscal Year 2021 Audit and Receive and File Related Correspondence

*Dr. Kirene Manini advised that the required audit proceedings are beginning, and this engagement letter has been provided by the auditor (Rogers, Anderson, Malody and Scott) and sent to all Board members. The Committee received and filed the correspondence.*

9. Action List for Future Meetings

- *Fleet Maintenance activities*
- *Chandler Asset Management update*

**ANNOUNCEMENTS**

*Chair Hoffman read the following announcements:*

- Regular Board Meeting: Wednesday, Feb. 9, 2022 at 6 p.m.
- Special Board Meeting: ~~Tuesday, Feb. 15, 2022 at 5:30 p.m.~~ (changed to Feb. 7)
- Personnel Committee Meeting: Tuesday, Feb. 15 at 5:30 p.m. (Hoffman will attend as alternate)
- District offices will be closed Monday, Feb. 21, 2022 in observance of Presidents Day
- Engineering Workshop: Thursday, Feb. 24, 2022 at 6 p.m.
- Collaborative Agencies Meeting: Wednesday, Mar. 2, 2022 at 5 p.m.
- Finance and Audit Committee Meeting: Thursday, Mar. 3, 2022 at 3 p.m.
- Regular Board Meeting: Wednesday, Mar. 9, 2022 at 6 p.m.
- External auditors will be performing the 2021 Audit field work the weeks beginning April 4, and 11, 2022.

**ADJOURNMENT: 4:17 P.M.**



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