



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE SPECIAL MEETING
Thursday, October 20, 2022, at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:19 p.m.

Announcement of Teleconference Participation

General Manager Dan Jagers confirmed teleconference functionality and provided instruction for call-in.

Attendance

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Finance and Administration Kirene Bargas, PhD Director of Information Technology Robert Rasha Finance Manager William Clayton Senior Management Analyst Sylvia Molina
Members of the public:	None.

PUBLIC INPUT: None.

ACTION ITEMS

1. Adjustments to the Agenda: None.
2. Review of the Fiscal Year 2023 Operating Budget & 2023-2027 Capital Improvement Budget

Chair Hoffman advised of the availability of handout information.

Dr. Kirene Bargas advised that the decisions to be made today are on formatting and layout of the Budget document and which scenario should be presented to the Board.

Director Hoffman recalled the discussion from the October 6 meeting and Mr. Jagers noted a revised approach will be presented. It is important to present what is known today with projections based on current information. The District's approach is to be transparent and correct, and to reflect the true outlook as seen today, he explained.

Dr. Bargas reviewed the layout and content of the document.

General Manager Jagers discussed water sales and imported water purchases, along with impacts on reserves. He noted that, if necessary, the Board may later be requested to consider drought surcharges which are intended to cover the District's operating costs.

Dr. Bargas reviewed the organizational chart and classification plan. Mr. Jagers indicated it may not be possible to become fully staffed in 2023 but the budget allows hiring of part time and temporary staff. He explained the rationale for staffing and accuracy of planning.

Dr. Bargas continued the presentation and highlighted new content. Mr. Jagers reviewed water sales figures, rate revenue, developer deposits, GIS, miscellaneous fees and the upcoming study, and other income. Staff responded to questions from Chair Hoffman.

Dr. Bargas reviewed each department budget. Mr. Jagers pointed out that the Board may raise its per diem compensation, but the budget reflects no increase to the current \$260. Bargas cautioned that the number of meetings attended had increased. Election expenses for the 2022 election will be billed in 2023, Jagers advised.

Ms. Molina pointed out that \$6,000 will be added to Engineering for equipment. Mr. Jagers pointed out that the goal is to save money, and the Board members who expressed concern last year should be satisfied, as the amended budget was achieved closely this year. The significant increase in the customer service budget reflects the annual support for the AMR / AMI at \$183,000, which is an ongoing cost, he explained. It is recouped in labor savings.

Ms. Molina added that the budget for lab testing would be increased by \$10,000 to account for additional Chromium 6 testing. Jagers assured that there is a strategy for Chromium 6. Mr. Clayton pointed to groundwater replenishment of 18,000 acre-feet (af) of water and indicated that would likely be reduced by 7,000 af. Mr. Jagers clarified that \$7,182,000 for State Water Project purchases would vary as water may not be available for purchase.

Ms. Molina advised that the CIP-related labor item should be (\$41,000).

Chair Hoffman asked about a reduction in the budget for energy costs for pumping and the Southern California Edison surcharge. Jagers indicated it was budgeted as a 20 percent reduction and will change.

Finance Manager Bill Clayton provided detail approved on 2021 carryovers. An explanatory footnote will be added.

Dr. Bargas reviewed the Capital Improvement Plan (CIP). Mr. Jagers advised that staff took a strong look at the plan and there was some rebalancing from previous years based on current year projections moving forward. The 10-year CIP was last approved in January 2017 and reviewed for a three-year projection in 2018, he noted. The CIP is amended annually with the Capital Improvement Budget (CIB) to assess current conditions including replacement pipelines. It is more of a realistic look at what can be accomplished, Bargas added.

The Committee members agreed that the budget looks presentable.

Mr. Clayton drew attention to contracts that have been approved by the Board but not yet let. There are still three months left in 2022 to spend those contracts, he stated.

Dr. Bargas presented several budget scenarios.

In response to a comment by President Williams, Mr. Jagers indicated that the desired conservation is not being realized, but the District is not cracking down. Post-development bursts of additional water usage are being seen, he advised. The District is not actively looking for offenders but could become more active in policing water use. Real action would include drought surcharges, but that action would likely be based on a state mandate. Chair Hoffman pointed out that at a recent seminar, the State Water Contractors advised that consensus is that the largest waste of water is irrigation, and is inefficient. A study project showed there is a lot of opportunity for conservation, he noted.

Mr. Jagers recommended budget scenario 4 as staff's best estimate based on current information. To achieve conservation, it will take penalties, Jagers reminded.

President Williams commented she was comfortable with budget scenario 4.

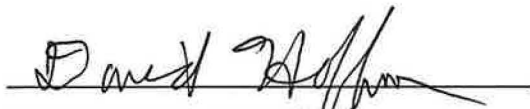
Ms. Molina advised that any suggestions for the document can be sent to her for inclusion in the next iteration for the November 9 Board meeting.

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Engineering Workshop: Thursday, Oct. 27, 2022 at 6 p.m.
- Special Board Meeting: Tuesday, Nov. 1, 2022 at 5:30 p.m.
- Finance and Audit Committee Meeting: Thursday, Nov. 3, 2022 at 3 p.m.
- Ad Hoc Communications Meeting: Tuesday, Nov. 8, 2022 at 6 p.m.
- Regular Board Meeting: Wednesday, Nov. 9, 2022 at 6 p.m.
- District offices will be closed on Thursday, Nov. 10 in observance of Veterans Day
- Personnel Committee Meeting: Tuesday, Nov. 15, 2022 at 5:30 p.m.
- Engineering Workshop: Thursday, Nov. 17, 2022 at 6 p.m. (date change due to holiday)
- District offices will be closed on Thursday, Nov. 24 in observance of Thanksgiving Day
- Finance and Audit Committee Meeting: Thursday, Dec. 1, 2022 at 3 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Dec. 7, 2022 at 11 a.m.
- Regular Board Meeting: Wednesday, Dec. 14, 2022 at 6 p.m.

ADJOURNMENT: 5:36 P.M.



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