



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

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

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:12 p.m.

Announcement of Teleconference Participation

Both Committee members were present in person.

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 Management Analyst I Erica Gonzales Senior Management Analyst Sylvia Molina Julian Herrera Transmission & Distribution Supervisor Administrative Assistant Cenica Smith
Members of the public:	Dr. Blair Ball, San Geronio Pass Water Agency

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

The Committee accepted the minutes of the Finance and Audit Committee Regular Meeting of October 6, 2022 by consensus.

3. Receive and file the Check Register for the Month of September 2022

The Committee received and filed the September 2022 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the September 2022 Budget Variance Reports
- b. Review of the September 30, 2022 Cash and Investment Balance Report
- c. Review of Check Register for the Month of October 2022
- d. Review of October 2022 Invoices Pending Approval

General Manager Jagers advised that there is some Nickel water being brought down by the San Geronio Pass Water Agency. He advised that a bill is expected before the end of the year for approximately 1,300 acre-feet of water supply under line item SWP purchases. This may affect budget projections, he noted.

The Committee discussed interest income and investments. Jagers pointed out that the market value of Chandler Investment Services continued to decline but the market value is not the maturity value. Finance Manager Bill Clayton noted that securities are not being traded, but if they were, there would be losses. A developer deposit resulted in an overall increase to the bank cash balance, Jagers added.

Staff responded to questions on expenses including meter locks, replacement of a stolen trailer, and materials for pipeline replacements.

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

After review, the Committee recommended presenting the Expense and Per Diem Compensation Claims to the Board for approval.

6. Analysis: Year-To-Date Electric Cost (Quarterly Report)

Mr. Jagers reviewed the report and explained pumping and booster operations. He acknowledged the value of compiling the data for future use.

7. Review of the DRAFT Fiscal Year 2023 Operating Budget & 2023-2027 Capital Improvement Budget

Senior Management Analyst Sylvia Molina briefed on changes to the draft document since the last review.

- *Net revenues went from \$17,587,000 to \$20 million adjusting for sales / consumption*
- *Expenses went from \$22,335,000 to \$19 million due to purchasing 11,000 acre-feet of imported water rather than 18,000*
- *Board-approved rate increase has been included*

Jagers further clarified that this is based on a more realistic approach and not budgeting for the purchase of 7,000 acre-feet to recover what has been used from storage over the last two years; however, if the water is available and the price is right, it will come to the Board to approve expenditures from reserves.

The largest expenses, Molina continued, are:

- *Election: \$81,000: This is an unknown as the County was unable to provide a number. The District will have to pay its portion of the costs*
- *Salaries overall increased by \$688,000 due to a combination of the implementation of the 2022 classification and compensation study and 5 percent Cost of Living Adjustment (COLA) for all employees, potential promotions, and additional temporary field staff*

Jaggers pointed out this does not yet include the recently approved adjustment for his position.

Engineering projects now show percent of completion, Molina continued. This year, goals and accomplishments have measurable goals to be able to compare year over year, she added. Newly included line-item detail showing that increased sales are based on consumption follows through to expenses and a note reflecting the carryover calculation was added.

An updated version of the document will be presented to the Board, Molina stated.

In response to a question from President Williams about the CalPERS calculation resulting in increased payments, Ms. Molina, Mr. Jaggers and Mr. Clayton explained the CalPERS calculations and that an annual bill for services is received and prepaid as a personnel expense. The District has the option to pay for the expense monthly but pays the invoice in full annually to receive a discount.

Chair Hoffman indicated satisfaction with the balanced budget and its readiness for Board approval. Molina confirmed that the edited version would be presented to the Board.

Jaggers cautioned that there are elements that may generate questions regarding 2023 projections and 2022 expenses. He discussed the inability to fully complete staffing and budgeting for step increases. He recommended concentrating on projected budget 2022 compared to 2023 budget. Ms. Molina added that any per diem increase adopted by the Board would also trigger an amendment, and Mr. Clayton advised that the budget as presented includes an increase in Miscellaneous Fees, expected to be approved by the Board to take effect January 1.

It was moved by President Williams, seconded by Chair Hoffman, and approved by consensus to recommend the edited draft Budget be presented to the full Board.

8. Action List for Future Meetings

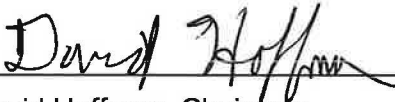
- *Chandler Asset Management update*
- *Procurement of additional water supplies*
- *Sites Reservoir update*
- ~~*Budget timeline and potential special meeting*~~

ANNOUNCEMENTS

Chair Hoffman read the following announcements:

- Regular Board Meeting: Wednesday, Nov. 9, 2022 at 6 p.m.
- District offices will be closed on Thursday, Nov. 10, 2022 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)
- 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.
- Ad Hoc Communications Committee: Tuesday, Nov. 8 at 6 p.m.

ADJOURNMENT: 4:47 P.M.

A handwritten signature in black ink, reading "David Hoffman", is written over a horizontal line.

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