



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, April 6, 2023 at 3:00 p.m.

CALL TO ORDER

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

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 Administrative Assistant Cenica Smith
Members of the public:	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

The Committee accepted the minutes of the Finance and Audit Committee Meeting of March 2, 2023 by consensus.

3. Receive and file the Check Register for the Month of February 2023

The Committee received and filed the February 2023 Check Register as presented.

4. Financial Reports/Recommendations

- a. Review of the February 2023 Budget Variance Reports
- b. Review of the February 28, 2023 Cash and Investment Balance Report
- c. Review of Check Register for the Month of March 2023
- d. Review of March 2023 Invoices Pending Approval

Chair Hoffman pointed to water sales, noting that just over 10 percent of anticipated revenue has been collected. General Manager Dan Jagers explained that production in January and February was 75 percent of average, which correlates to sales. He said he suspects March will also be less than average, so there will be three months of sales that will reflect about 73 percent of the average of 2021-2022.

Hoffman noted that rates were raised in 2020 and tiers were adjusted. Mr. Jagers added that there is an annual escalator on rates. Jagers also explained that staff anticipates removal of watering restrictions based on the Governor's announcement of the end of the drought. He said he expects to be back on track as it starts to warm up next month, and although there may be a bit of a budget shortfall due to the first three months, it may be picked up due to more watering during the summer.

The Governor has indicated continued focus on areas that continue to experience ongoing drought impacts, such as those with declined groundwater basin levels, Jagers stated, and advised that there will be so much water available for import that it will not be physically possible to get it all. BCVWD has ordered a total of 18,000 af.

In response to Chair Hoffman, Mr. Jagers explained that the City of Banning has a number of water sources available, however the recent court decision in favor of tribal water rights may bring some changes. Jagers continued to detail Banning's water supply and Colorado River issues.

Dr. Kirene Bargas reviewed the Cash and Investment Balance Report. In response to Director Williams, Mr. Jagers explained actions in response to the Silicon Valley Bank failure in an effort to stay diverse.

At the request of committee members, the following expenses were reviewed:

- National Environmental Policy Act (NEPA)*
- West Coast Telecom Products*
- Union Pacific Contractor Training*
- B-81 Paving Inc.*
- Lawyer's Title Company*

Director Williams pointed out that the annual cost of the blanket encroachment permit for the County of Riverside was much more reasonable than the cost of three permits just paid totaling \$1,781 to the City of Beaumont. Mr. Jagers advised that he attended a recent City Council meeting and spoke regarding the miscellaneous fees item. The Council appeared receptive to bringing it back as a separate item and working on paving standards. BCVWD will either work with the City or will be doing a Prop. 218 rate adjustment to collect it from ratepayers.

Chair Hoffman asked about the quarterly utility report, Mr. Clayton assured it would be available next month. Mr. Jagers advised that the cost per unit of water pumped will need to increase due to Southern California Edison's increasing fees, but the total SCE bill should be lower because of lower production. He reminded that it is a net zero direct pass-through.

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 reviewed the Expense and Per Diem Compensation Claims without comment.

6. FY 2022 Required Audit Communication from External Auditor

Dr. Bargas explained this is standard required information from the auditors and is provided to the F&A Committee and the Board. Director Williams reminded about questionnaires from the auditors. The audit will begin next Monday, Bargas noted. She briefly explained the process.

Hoffman asked how the audit affects staff workload. Mr. Clayton stated that most of the information was prepared ahead of time to support the end of year report, there will be staff time involved preparing some supporting documentation.

7. Report: On-Call Land Surveying Services contracts

Finance Manager Bill Clayton noted that this item was requested by the Committee.

Mr. Jagers noted that contracts were signed with three land surveyors, each not-to-exceed \$100,000. A survey activity is in progress for the 5th Street pipeline replacement and for the Michigan Avenue with Cask Consulting, he advised. He noted other projects to map pipelines and prepare in advance for a City project.

Other projects upcoming include elevations for the Beaumont Basin Watermaster, and a project related to field staff housing issues / District residences, Jagers said.

Chair Hoffman indicated this item will remain on the agenda for further update.

8. Action List for Future Meetings

- *Chandler Asset Management update*
- *Procurement of additional water supplies*
- *Report: On-Call Land Surveying Services contracts (continued)*

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Regular Board Meeting: Wednesday, Apr. 12 at 6 p.m.
- Personnel Committee Meeting: Tuesday, Apr. 18 at 5:30 p.m.
- Engineering Workshop: Thursday, Apr. 27 at 6 p.m.
- Collaborative Agencies Committee: Wednesday, May 3 at 5 p.m.
- Finance and Audit Committee Meeting: Thursday, May 5 at 3 p.m.
- Ad Hoc Communications Committee: Tuesday, May 9 at 6 p.m.
- Finance and Audit Committee: Wednesday, June 1 at 10 a.m.

ADJOURNMENT: 4:16 P.M.



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