



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

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

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:01 p.m.

Attendance

Directors present:	Director Hoffman and Director Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Information Technology Robert Rasha Finance Manager William Clayton Assistant Director of Finance and Administration Sylvia Molina Management Analyst II Lorena Lopez Management Analyst I Erica Gonzales Administrative Assistant Cenica Smith
Members of the public:	Larry Smith, San Geronio Pass Water Agency (SGPWA)

PUBLIC INPUT: None.

ACTION ITEMS

1. Adjustments to the Agenda:

Assistant Director of Finance and Administration Sylvia Molina pointed out some handouts and noted they are posted on the website.

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 July 6, 2023 by consensus.

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

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

4. Financial Reports/Recommendations

- a. Review of the June 2023 Budget Variance Reports
- b. Review of the June 30, 2023 Cash and Investment Balance Report
- c. Review of Check Register for the Month of July 2023
- d. Review of July 2023 Invoices Pending Approval

Chair Hoffman pointed out that grant funds had been received. Ms. Molina stated that another payment for the AMR/AMI project would be processed in the fall and advised that an extension was being pursued due to delay in obtaining some materials. Director Hoffman asked about continued supply chain issues. Management Analyst II Lorena Lopez noted that back orders from last year are finally being received.

At the request of Director Hoffman, staff discussed electricity costs for wells, and provided an in-depth summary of the investments report.

Chair Hoffman commented on the recycled water facilitator cost share with City of Beaumont and noted that the project is moving forward.

Staff responded to committee inquiries about the following items:

- *Paving for repair of main line leaks*
- *Dudek well feasibility study for the Beaumont Basin Watermaster*
- *ACWA/JPIA property and liability insurance*
- *Check scanner rollers – replacement parts*
- *SSD Alarm installation for field office location*

Chair Hoffman commented that at the Engineering Workshop and Regular Board meeting legal counsel usually online. Depending on the agenda items, it seems more assistance is needed at the regular meeting than the workshop, he said, and asked whether there is return on investment for the attendance at the workshop. Mr. Jagers noted that the legal bill includes a number of activities and stated he believed it worthwhile to have legal counsel attend. Legal counsel has been attending meetings remotely; to be present at the meeting would be double the cost, Jagers explained. Director Williams concurred, noting there have been times when legal counsel has been consulted.

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. Pension Trust Fund and Policy Discussion

Finance Manager Bill Clayton reminded the Committee of in-depth discussion at the July 18 meeting. The goal today is to inform the committee and determine how staff might move forward.

Mr. Clayton noted that the consultant from Urban Futures (UFI) had recommended adoption of a whole pension and OPEB funding policy and trust fund to address

unfunded liabilities. The Board previously considered and adopted options for CalPERS obligations; this is the same process, Clayton noted.

General Manager Jagers, Mr. Clayton and Ms. Molina explained the dedicated accounts and funding mechanism, and presented the recommendation from staff to take the draft policy and trust fund agreement to the Board. Mr. Jagers corrected some numerical errors in the staff report pages in the packet.

Staff responded to questions and explained the methodology for funding, impact on rates, contribution requirements/recommendations, unfunded liability, and contractual obligations for pension benefits.

Director Williams recommended language clarifying the contributions to the fund.

The Finance and Audit Committee recommended the pension 115 trust fund and funding policy for consideration by the Board of Directors by consensus.

7. 2023 Mid-Year Budget Review

Assistant Director of Finance and Administration Sylvia Molina presented the budget review highlighting differences in estimated and actual expenses. General Manager Jagers reminded about the GM's authorization to make adjustments under \$50,000 and said he had reviewed the requested transfers.

8. Quarterly Report: Electric Cost Analysis

Chair Hoffman noted a 20 percent increase between total costs in 2022 and 2023. Mr. Jagers indicated that it may be due to the way the District is balancing water usage. He explained the variables in electric rates and noted the decrease in pumping this wet season, and suggested further discussion in November.

9. Quarterly Report: Vendor Contracts

Ms. Molina reviewed the report, noting there had been an update since the version in the packet was released.

10. Lessons to Share from a Recent Fraud Webinar

Management Analyst II Lorena Lopez shared insights gained at a recent training. She noted that BCVWD has good processes in place, but is lacking a code of ethics for purchasing. She recommended adding an ethics policy.

Ms. Molina added detail on the processes of the Finance Department.

11. Action List for Future Meetings

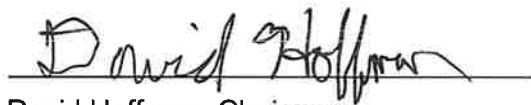
- Chandler Asset Management update
- Procurement of additional water supplies

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Regular Board Meeting: Wednesday, Aug. 9 at 6 p.m.
- Personnel Committee Meeting: Tuesday, Aug. 15 at 5:30 p.m.
- Engineering Workshop: Thursday, Aug. 24 at 6 p.m.
- District offices closed Monday, Sept. 4 in observance of Labor Day
- MDP Line 16 Ribbon Cutting Ceremony: Thursday, Sept. 7 at 1:00 p.m.
- Finance and Audit Committee Meeting: Thursday, Sept. 7 at 3:30 p.m. (note change of meeting time due to MDP Line 16 Ribbon Cutting)

ADJOURNMENT: 4:50 P.M.

A handwritten signature in black ink that reads "David Hoffman". The signature is written in a cursive style and is positioned above a horizontal line.

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