



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, October 3, 2024 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:03 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 Assistant Director of Finance and Administration Sylvia Molina Director of Operations James Bean Customer Service Supervisor Sandra Delgadillo Management Analyst II Melissa Elizondo Management Analyst I Edith Garcia Administrative Assistant Cenica Smith
Members of the public:	Jacob Montagne

PUBLIC COMMENT: None.

ACTION ITEMS

- Adjustments to the Agenda:** *Assistant Director of Finance and Administration Sylvia Molina pointed to some corrections in the agenda packet.*
- Receive and file the Check Register for the Month of August 2024**

The Committee received and filed the Check Register as presented by the following vote:

MOVED: Williams	SECONDED: Hoffman	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

4. Financial Reports/Recommendations

- a. Review of the August 2024 Budget Variance Reports
- b. Review of the August 30, 2024 Cash and Investment Balance Report
- c. Review of Check Register for the Month of September 2024
- d. Review of September 2024 Invoices Pending Approval

Staff highlighted and/or responded to committee inquiries about the following items:

- *The committee noted a 17.22% over-budget variance in grant revenue, which staff explained as the final grant payment for the AMR project, with no additional funds expected this year.*
- *Staff shared that handling the grant process was a valuable learning experience, underscoring the importance of realistic timelines, inter-department collaboration, and thorough documentation.*
- *Discussion included a \$3 million grant application for a well project, with staff noting that past experience has better prepared them for future applications.*
- *The grant writer charges a monthly flat rate, brings new grant opportunities to the district, and while they do not train district staff in grant search techniques, they regularly monitor opportunities for the district.*
- *The committee noted an unanticipated \$6,000 monthly increase in property and auto insurance, which staff plans to address with a budget amendment due to the unexpected rise.*
- *A \$2 million inventory adjustment was needed to correct system discrepancies, and staff assured the committee that the adjustment was made with auditor approval and a long-term resolution plan.*
- *The State Water Project purchases line item may require an additional \$1.1 million to meet projected demand, which will be proposed as a budget adjustment to cover this shortfall.*
- *The investment portfolio showed positive performance, and an on-site meeting with the investment manager is scheduled to discuss economic trends and portfolio adjustments.*
- *Specific entries for hydrants and hydrant meters, including a \$15,590 curb stop lock and a \$6,884 fire hydrant, were noted; staff explained that hydrants are stocked due to long lead times and construction meters now require a backflow device.*
- *A hydraulic excavator rental was used to improve recharge rates in a district pond by loosening compacted soil, addressing reduced recharge efficiency.*
- *The committee followed up on the recently approved portable air compressor purchase, and staff confirmed its acquisition, deployment, and a maintenance plan with in-house servicing.*

The Committee recommended presenting Item 3a to the Board for approval by the following vote:

MOVED: Hoffman	SECONDED: Williams	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

The Committee recommended presenting Item 3b to the Board for approval by the following vote:

MOVED: Hoffman	SECONDED: Williams	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

The Committee recommended presenting Item 3c to the Board for approval by the following vote:

MOVED: Williams	SECONDED: Hoffman	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

The Committee recommended presenting Item 3d to the Board for approval by the following vote:

MOVED: Williams	SECONDED: Hoffman	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

4. Expense and Per Diem Compensation Claims Submitted for Approval

The Committee reviewed the Expense and Per Diem Compensation Claims. The claims were approved by the following vote:

MOVED: Williams	SECONDED: Hoffman	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

5. Acknowledge Receipt of the Low-Income Household Water Assistance Program (LIHWAP) Partnership Award from the Community Action Partnership of Riverside County

Customer Service Supervisor Sandra reported on the recent LIHWAP award received by the district. The award of \$46,698.48 allowed the district to assist 150 customers in avoiding water service interruptions. Ms. Delgadillo emphasized the district's commitment to supporting low-income households through partnerships with programs like LIHWAP. She noted ongoing efforts to connect with Riverside County's Community Action Partnership for future assistance programs and outlined plans to improve

community outreach, including through flyers, invoice notifications, and potential email and text updates.

Chair Hoffman inquired about the eligibility process for customers seeking assistance. Ms. Delgadillo explained that, while the program ended in March, eligible customers during COVID-19 could apply through LIHWAP, which sent payment pledges to the district for bill adjustments. She also highlighted the District's current offering of up to six-month payment plans for customers needing additional support.

Director Williams congratulated Ms. Delgadillo and the District on receiving the award.

The Committee received and filed the LIHWAP award and recommended it be forwarded to the full Board by the following vote:

MOVED: Williams	SECONDED: Hoffman	APPROVED 2-0
AYES:	Hoffman, Williams	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

6. Update on Policy Tracking Matrix

Sylvia Molina provided an update on the ongoing review of various finance policies. She informed the committee that, while no policies were ready for approval at this time, significant progress was being made. Ms. Molina highlighted several policies under review, including those related to assessments, payment arrangements, claims against the district, and purchasing. The finance team is modernizing language and ensuring that policies align with current practices, especially in areas like purchasing that have not been updated in several years. Additional policies, such as disposal of surplus equipment and credit card usage, are also under review, with credit card policy revisions pending integration with other policies.

7. Preliminary 2024 Budget Review

Assistant Director of Finance and Administrative Services Sylvia Molina provided an initial update on the 2025 budget development. She explained that while budget numbers are still being finalized, the team is addressing key factors such as insurance, personnel requests, fuel costs, and training needs. Due to some delays, a special Finance and Audit Committee meeting is planned for October 17 to present preliminary numbers. The target remains to finalize the budget for approval in December.

Committee Chairman David Hoffman asked if fuel cost estimates include both vehicle and electricity expenses. Molina confirmed they are covering all related costs and emphasized accuracy in projections to avoid amendments later in the fiscal year.

General Manager Daniel Jagers added that other major budget considerations include paving costs, well construction, and necessary infrastructure improvements, all of which impact investment balances and income projections. He noted that conservative financial strategies are essential, particularly with the impending rate study and the need to align funding for upcoming district initiatives over the next five years. The group is committed to a thorough review to ensure financial stability, even if it requires postponing the effective date of the rate changes beyond January 1.

Jaggers also discussed strategic planning around the district's response to upcoming regulatory requirements and noted that substantial expenses—such as new well construction to minimize chromium-6 contamination—will significantly impact future budgets and interest earnings.

8. Annual Report: Fleet Maintenance Activity

Director of Operations James Bean provided an annual update on the fleet's status and discussed the impact of recent legislative requirements for electric vehicles. He highlighted issues with aging vehicles in need of significant repairs and the need to expand the fleet. Specifically, he noted that the district is exploring options for integrating electric vehicles (EVs) in compliance with state requirements, though larger truck options remain limited. To comply by 2027, the district will phase in electric vehicles, with 10% of the fleet required to be electric.

Committee Member Lona Williams questioned the utility of electric vehicles for the fleet's needs, given limited cargo capacity for tools and equipment. General Manager Daniel Jaggers suggested a phased approach to EVs, using electric vehicles where feasible and delaying commitments until more practical solutions are available. Bean introduced the option of partnering with a fleet management company to streamline replacements, ensure vehicle availability, and gradually incorporate EVs into the fleet. This would also reduce upfront costs by allowing vehicles to be leased with maintenance included.

Jaggers and Bean agreed to present a more detailed plan, including cost projections and phased options, at the upcoming engineering workshop. The group discussed potential grant funding for EV adoption but noted the challenges and potential costs associated with grant compliance.

ANNOUNCEMENTS

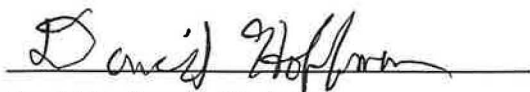
Chair Hoffman pointed out the following announcements:

- Regular Board meeting: Wednesday, Oct. 9 at 6 p.m.
- Finance & Audit Committee special meeting: Thursday, Oct. 17 at 3 p.m. (pending)
- Personnel Committee meeting: Tuesday, Oct. 15 at 5:30 p.m.
- Engineering Workshop: Thursday, Oct. 24 at 6 p.m.
- Finance & Audit Committee meeting: Thursday, Nov. 7 at 3 p.m.

Action List for Future Meetings

- Request for 2024 water theft update

ADJOURNMENT: 4:11 P.M.



David Hoffman, Chairman

to the Finance and Audit Committee of the Beaumont-Cherry Valley Water District