



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, November 7, 2024 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:05 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 Customer Service Supervisor Sandra Delgadillo Management Analyst II Erica Gonzales Management Analyst I Edith Garcia Finance Manager William Clayton Water Utility Superintendent Julian Herrera Administrative Assistant Cenica Smith
Members of the public:	None

PUBLIC COMMENT: None.

ACTION ITEMS

1. **Adjustments to the Agenda:** None.

2. **Review and Acceptance of the Minutes of the Finance and Audit Committee**
 - a. September 5, 2024 Regular Meeting
 - b. October 3, 2024 Regular Meeting

The Committee accepted the minutes as presented by the following vote:

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

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

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

- *Irrigation water is still available to properties meeting certain qualifications, but it has been years since any have qualified. A backflow device is also required*
- *The Board of Directors budget has 49.2 percent remaining and should come in slightly under budget as only two directors are accepting the health insurance*
- *The need for temporary labor is difficult to predict. In 2024, an administrative assistant is splitting time between Engineering and Operations and the cost is shared*
- *Office equipment shown for \$11,000 is the furniture for the 12th and Palm facility*
- *All health insurance plans will have increases in 2025 from 6 to 16 percent*
- *Approximately 38.55 percent of the budget remains for the next three months. There will be some minor transfers but there are currently no expected standout budget amendments other than insurance*
- *Not much change on the Cash and Investment Balance Report. Yield continues to decrease as the value increases.*
- *Chair Hoffman commented on the drop in interest rates. Quarterly interest was received in October*
- *Revenue was very positive for the quarter as it included the larger water bills from the summer.*
- *Capacity Charges were lower than expected due to low development activity, but those funds are not used for operating and do not impact the operations portion of the budget*
- *Expenses for firewall replacement and camera system*
- *Final payments for City encroachment permits*
- *Landscape expenses and change of contractor*
- *Aluminum gazebo for the 12th and Palm facility*
- *Imported water is being received from the San Geronio Pass Water Agency. The Board authorized additional water purchase, and it is expected that 3,000 to 4,000 acre feet will be stored. State Water Project shutdowns will affect the ability to receive water*
- *Calibration of construction meters is done periodically to assure measurements and charges are accurate. There are about 40 existing construction meters*

- *West Coast Technology expenses for three separate projects combined into a single check. Includes storage server, hard drives, and increased digital storage capacity*

The Committee recommended presenting the financial reports items a - d to the Board of Directors for approval by the following vote:

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

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

6. Quarterly Report: Year-To-Date Analysis of Electric Cost to Pump Groundwater

Mr. Clayton reviewed the report reflecting well-by-well analysis which has informed operational decisions. Costs are comparable to last year, but have definitely increased over the last three years due to increased electric rates and operational decisions. Mr. Jagers noted the rate study will likely suggest an increase to the electric pass-through rate.

7. Quarterly Report: Review of District Contract Expenditures in Fiscal Year 2024

Mr. Clayton reviewed the report. He noted new additions of the Wells Fargo contract and new landscape maintenance contract. Chair Hoffman pointed to the not-to-exceed amounts based on the agreement terms. Costs are reported through September, Clayton noted.

8. Quarterly Report: 2024 Year to Date Title Report Requests

Mr. Clayton reviewed the report. No requests were received in the third quarter.

9. Policies and Procedures Manual Updates / Revisions

- a. Policy 5110 Claims Against the District

Mr. Clayton stated this policy has been reviewed by legal counsel. Adoption of Policy 5110 will replace Part IV Section 4 from the District's Policies and Procedures Manual. He and Ms. Molina reviewed the proposed revisions to the existing policy intended to modernize and increase transparency.

Mr. Jagers noted the requirements of the former Tort Claims Act, now the Government Claims Act, GC 810 et. seq.

Director Williams flagged the reference to the Tort Claims Act and requested backup information be shared with the Board.

The Committee recommended Policy 5110 as corrected be forwarded to the full Board of Directors by the following vote:

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

10. Policy Tracking Matrix Dashboard

Mr. Clayton pointed to the progress made on policy updates and reviewed upcoming policy work coming to the F&A Committee. He noted the need for a debt policy, noting the District has no current debt. Mr. Jagers added the rate study make may some recommendations that could make this timely.

The Committee approved the Matrix by the following vote:

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

11. Amendment to the BCVWD Fiscal Year 2024 Operating Budget for 01-30-310-550054 Property, Auto, General Insurance

Management Analyst II Erica Gonzales explained the recommended amendment to increase the FY 2024 budget in the amount of \$80,000 due to unexpected increases in property and auto insurance policies.

The Committee recommended Policy 5110 as corrected be forwarded to the full Board of Directors by the following vote:

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

12. Review of Fiscal Year 2025 Operating Budget and 2025-2029 Capital Improvement Budget (DRAFT)

Assistant Director of Finance and Administrative Services Sylvia Molina advised about changes to the budget since its previous review:

- *Increase of \$20,000 in telephone and internet*
- *Reduction of professional services by \$2,000*

Ms. Molina reviewed the layout and format of the budget document and the information within. She noted the improvements and collaboration of all staff.

In response to Chair Hoffman, Ms. Molina assured that the increased insurance costs were included. Electricity and personnel costs were also increased, she stated.

Ms. Molina stated the budget is balanced, and she highlighted individual sections and talked about criteria for an award-winning budget. She requested feedback from the Committee before the next meeting.

Director Hoffman asked if the budget was on schedule for timely completion. Ms. Molina said it was, noting that the Compensation study caused a delay. A presentation to the full Board will be made next week and will be agendized for approval in December.

The Committee recommended the Draft FY 2025 Budget be forwarded to the full Board of Directors by the following vote:

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

13. Action List for Future Meetings

- Chandler Asset Management update
- Cost of Service Study update

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- District offices will be closed on Monday, Nov. 11 in observation of Veterans Day
- Regular Board meeting: Wednesday, Nov. 13 at 6 p.m.
- Personnel Committee meeting: Tuesday, Nov. 19 at 5:30 p.m.
- Engineering Workshop: Thursday, Nov. 21 at 6 p.m. (note date change due to holiday)
- District offices will be closed Thursday, Nov. 28 in observation of Thanksgiving Day
- Beaumont Basin Watermaster Committee: Wednesday, Dec. 4 at 11 a.m.
- Finance & Audit Committee meeting: Thursday, Dec. 5 at 3 p.m.

ADJOURNMENT: 4:36 P.M.



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