



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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, December 5, 2024 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:00 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 Management Analyst II Melissa Elizondo 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:** Assistant Director of Finance and Administration Sylvia Molina pointed to changes in language on Item 8.

2. **Review and Acceptance of the Minutes of the Finance and Audit Committee**
 - a. October 17, 2024 Special Meeting
 - b. November 7, 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 October 2024

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

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

4. Financial Reports/Recommendations

- a. Review of the October 2024 Budget Variance Reports
- b. Review of the October 31, 2024 Cash and Investment Balance Report
- c. Review of Check Register for the Month of November 2024
- d. Review of November 2024 Invoices Pending Approval

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

- *Capital Improvement Program budgeted labor has been exceeded due to the work on the 12th and Palm building project*
- *93 percent of the Reservoir maintenance item is unspent due to budgeting for a project that it turned out did not have to be done. A notice for proposals will be published soon for a consultant to perform work in 2025*
- *Market decreases were posted on the Cash and Investment Balance Report*
- *The decrease in funds in the checking account reflects the water purchase from the San Gorgonio Pass Water Agency*
- *Income for investments has been almost double what was budgeted*
- *Several refund checks issued to Meritage Homes for return of construction meter deposits and closure of accounts*
- *A 6x10 trailer purchased for \$6,472*
- *Shredding of obsolete records / documents as part of the records retention program*

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. Updates to Draft Fiscal Year 2025 Operating Budget & 2025-2029 Capital Improvement Budget

Ms. Molina reminded about the Committee’s review of the budget document and presentation to the Board. Staff has found a few minor things requiring update, she said, and described them to the Committee. She and Mr. Jagers also detailed the adjustment to the maintenance technician salary schedule as recommended by the Personnel Committee.

The Committee approved the updates to the Draft Fiscal Year 2025 Operating Budget & 2025-2029 Capital Improvement Budget by the following vote:

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

7. Chandler Asset Management – Authorization of Contract Extension

Mr. Clayton presented the recommendation to extend the contract for advisory services for one year. Standard practice is a three-year agreement with two optional extensions. This would be the 4th year of working with Chandler. An RFP would be issued before entering a 6th year. Staff has been satisfied with the consultant’s performance and investment results, he noted.

Fees are deducted from earnings, Clayton continued, at about \$3,000 per month. Mr. Jagers reminded that Chandler fees were basis points on the amount of holdings and have not been changed since the onset of the contract in 2021.

The Committee recommended the Chandler Asset Management contract extension move forward 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	

8. Policies and Procedures Manual Updates / Revisions

- a. Policy 5045 Investment of District Funds pages 168 – 214
- b. Policy 5050 Alternative Payment Plans pages 215 – 233
- c. Policy 5085 Disposal of Surplus Property or Equipment pages 234 – 238

Policy 5045

Mr. Clayton presented minor changes to this policy which is reviewed and updated annually. Chandler reviews the policy and makes recommendations for minor adjustments:

- *Limit exposure to certain U.S. debt obligations*
- *Table issued by the California Debt Advisory Committee which is produced annually which represents a summary of the government code related to investments that agencies may make*
- *Change reference of the Assistant Director of Finance and Administration to Director of Finance and Administration in alignment with other policies*

Policy 5085

Mr. Clayton explained this policy has not been reviewed for some time. It addresses disposal of surplus property or equipment. This has been reviewed by legal counsel.

- *Language was added to reflect the option of a procedure done in the past regarding the Board having to declare a variance from the policy, which would no longer be necessary*
- *Language was added to identify the applicable government code sections*

Director Williams asked about policies related to real estate. Ms. Molina said there were none, but it was being considered. Jagers pointed to the District Residences policy which provides opportunity to rent to outside entities, and the current Bogart Park lease with Beaumont-Cherry Valley Recreation and Park District.

Policy 5050

Ms. Molina pointed to the recent program assisting customers with bill payments, noting that the Rules and Regulations Part 6 was updated, but not the policy. Policy revisions were minimal and references the Rules and Regs. Payment plans are negotiated and can be tracked electronically, she noted, and described procedures.

The Committee recommended Policies 5045, 5050, and 5085 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	

9. Policy Tracking Matrix Dashboard

The Committee reviewed the summary of progress on policy updates. Ms. Molina recommended some additions to the list for revision: a debt policy, and a lease policy.

Mr. Jagers noted that there was no current opportunity to lease District land but there could be in the future. Director Williams posited that the District could purchase land for that intent and noted that revenue generation other than ratepayers must be identified. She suggested inquiring of legal counsel about the possibilities.

The Committee approved the policies to work on in the next one to two months: Policy 5080 Purchasing and 5075 Credit Card Usage by the following vote:

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

10. Progress Update on Paymentus Customer Payment Solution

Ms. Molina reported on the use of Paymentus for phone and credit card payments. IT has been working out bugs and it is close to going live on the website for customers to use for online payments.

Due to its work with a third-party vendor with many customers, it presents discounts which the District does not have access to. Currently, the rate is \$2.50 per credit card transaction. Based on those costs and the amount of customers paying by credit card each month, the District's cost is \$15,000 to \$17,000 per month and the credit card fee would potentially have to be increased. Paymentus has a limit of \$500 per transaction, and 18,000 of 20,000 customers are below that threshold at a fee of \$1.93.

This will be a benefit for customers including accepting additional forms of payment and will streamline some of the processes into one system, Molina noted. It is hoped to have a go live date before the end of the year and publicity is being planned.

The fees have been budgeted at zero as there will be no costs related to the vendor.

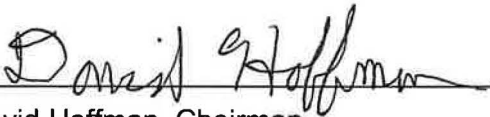
Chair Hoffman asked if Paymentus will process checks. The District will process checks mailed in as well as those paid online, but Paymentus allows payment with an electronic check at no charge, Molina answered. It is hoped this will also impact penalties and turnoffs, she added.

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Regular Board Meeting: Wednesday, Dec. 11 at 6 p.m.
- District Offices will be closed on the following holidays:
 - Wednesday, Dec. 25 for Christmas Day
 - Wednesday, Jan. 1, 2025 for New Year's Day
- Finance & Audit Committee meeting: Thursday, Jan. 2 at 3:00 p.m.
(Subject to the adoption of the 2025 Meeting Schedule)
- Beaumont Basin Watermaster Committee: Wednesday, Jan. 15 at 11 a.m.
- Regular Board Meeting: Wednesday, Jan. 8 at 6 p.m.
(Subject to the adoption of the 2025 Meeting Schedule)

ADJOURNMENT: 4:25 P.M.



David Hoffman, Chairman

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