



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
**Wednesday, July 2, 2025 at 3:00 p.m.**

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**CALL TO ORDER**

*Chair Hoffman called the meeting to order at 3:00 p.m.*

*Attendance*

Directors present:	Director David Hoffman and Director Lona Williams
Directors absent:	None
Staff present:	General Manager Dan Jagers Director of Information Technology Robert Rasha Management Analyst II Erica Gonzales Management Analyst Edith Garcia Finance Manager William Clayton 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. June 5, 2025 Regular Meeting

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

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

### 3. Receive and file the Check Register for the Month of May 2025

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

- Review of the May 2025 Budget Variance Reports
- Review of the May 31, 2025 Cash and Investment Balance Report
- Review of Check Register for the Month of June 2025
- Review of June 2025 Invoices Pending Approval

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

- Health insurance cost increase: Committee noted a 12% projected increase in CalPERS health insurance premiums; discussed whether the current-year budget accounted for rising costs and how full staffing affects budget flexibility.
- Vehicle insurance and liability costs: Discussion highlighted a 300% increase in total insurance costs over five years, attributed both to rate hikes and added facility coverage after audits revealed omissions.
- State diesel vehicle requirements: Discussed regulatory changes requiring smog checks and reporting for heavy vehicles, and confirmed the District is in compliance.
- Enterprise fleet leasing program: Two to three leased vehicles received under the Enterprise program; maintenance (except tires and brakes) is covered under the lease.
- Transfer to CalTrust: \$7.3 million was moved from LAIF to CalTrust in June, not reflected in the May report.
- Interest income exceeds projections: Year-to-date interest earnings have already surpassed the full-year budget projection by over \$11,000; staff anticipates additional interest income due to conservative forecasting.
- Chandler portfolio performance: Investment returns have met or exceeded benchmark expectations since inception; portfolio rebalancing increased Treasury holdings slightly.
- CalPERS ACH payment noted: Confirmed as part of monthly health insurance premiums for staff, with variation depending on the chosen plan.
- Infosend billing costs: Clarified that a large invoice covered regular monthly billing—printing, stuffing, and mailing.
- Truck damage (Unit 52): A backhoe accidentally hit a truck; ~\$6,300 in body repair costs paid by the District since it was under the insurance deductible.
- Legal expense increase: Higher-than-usual legal invoices were related to Draper LLC and interactions with the State of California; costs were not unexpected, and a budget amendment is planned.
- Legal costs: The invoices were identified and will be discussed under Item 9.

The Committee recommended presenting the financial reports 4a to 4d to the Board of Directors for approval by the following vote:

MOVED: Hoffman	SECONDED: Williams	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. Report on Director Event Attendance

*The Committee reviewed the report without comment, and it was received and filed by the following vote:*

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

## 7. Policies and Procedures Manual Updates / Revisions

### a. Creating Policy 5048 Debt Issuance and Management

Finance Manager William Clayton explained that the new policy was developed using model policies from other public agencies and had been reviewed by both the District's legal counsel and Chandler Asset Management, the District's investment advisor. The policy is intended to establish formal guidelines for issuing and managing long-term debt, with the goals of ensuring fiscal responsibility, maintaining regulatory compliance, and aligning debt issuance with the District's capital improvement program.

Clayton provided an overview of the policy's structure and content. General Manager Dan Jagers contextualized the policy within the District's financial strategy, stating that the recently adopted water rate study assumes the District will use long-term debt financing for major capital projects in the coming years. He noted that although the District currently carries no long-term debt, it had previously procured a bank loan in the early 2010s to fund

recycled water infrastructure. That loan was paid off within a few years, and since then, the District has operated on a “pay-as-you-go” funding model. Jagers emphasized that the new policy would provide a necessary foundation for evaluating and executing future borrowing as the District prepares for substantial infrastructure investments.

The Committee discussed the policy's provisions and its relevance to upcoming financial decisions. Clayton clarified that the policy preserves the Board's discretion in all financing matters, explicitly allowing for waivers of specific provisions as needed. Directors Hoffman and Williams acknowledged the importance of having clear parameters in place before pursuing any new debt issuance, especially given the expectations set in the rate study.

*The Committee recommended Policy 5048 to move forward to the full Board by the following vote:*

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

## 8. Policy Tracking Matrix Progress Dashboard

Finance Manager Clayton reviewed the matrix and noted forthcoming policies on credit card usage and purchasing.

*The Committee approved the Table of upcoming policy items by the following vote:*

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

## 9. Amendment to the BCVWD Fiscal Year 2025 Operating Budget for 01-30-310-580011 General Legal

Mr. Clayton explained the request for presenting a budget amendment to the Board in an amount not to exceed \$136,000. He noted that legal expenses had exceeded the original budget of \$83,500, and staff has projected a need for this increase. Legal costs have significantly exceeded the budget due to increased volume and complexity of legal matters that required outside counsel, and to ensure continued access to legal services. Mr. Jagers noted this would bring the FY 2025 total legal budget to \$219,480.

*The Budget Amendment was recommended to move forward to the full Board for consideration by the following vote:*

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

## 10. 2025 Mid-Year Budget Review

Mr. Clayton explained the line-by-line analysis of the current budget through May, and presented proposed amendments based on actual and anticipated spending. He noted that the adjustments were mostly minor and fell within expected ranges, although some categories—particularly legal expenses—warranted formal amendments due to significant overruns. General Manager Jagers added that the review offered a snapshot of where the District stood financially at the mid-point of the year and that it served as an opportunity to ensure alignment between spending and operational needs.

Chair Hoffman inquired about legal expenses, which had already exceeded the budgeted amount by May. He noted that while the Committee had discussed legal bills earlier in the meeting, he wanted to confirm that the proposed amendment accurately captured the anticipated increase through the end of the year. Clayton confirmed staff's projection that the year-end total could require an additional \$136,000. Hoffman acknowledged the reasoning and emphasized the importance of budgeting realistically in light of complex ongoing legal matters, including litigation and state-level interactions.

Director Williams also commented on the proposed budget adjustment for legal services, expressing support for the amendment. She reiterated the importance of planning proactively for known and emerging legal costs rather than reacting later in the year with emergency allocations. Williams questioned whether the proposed increase would cover both anticipated routine legal needs and the heavier litigation workload, and Clayton affirmed that the projection factored in historical trends and known case activity. Jagers added that while the increased cost was substantial, it remained relatively modest when compared to legal budgets at other public agencies, citing the City of Beaumont as an example with much higher monthly expenditures.

Hoffman drew attention to health insurance and personnel costs, referencing the earlier conversation during the financial reports. He asked whether the mid-year amendments accounted for the projected 12% increase in CalPERS health premiums. Clayton responded that current-year costs were tracking within budget so far, and staff would monitor any potential impact for next fiscal year's planning. Jagers noted that while the District was approaching full staffing levels, which reduces the historical buffer from unfilled positions, they were still on pace to stay within budget overall due to prior-year conservatism in cost projections.

The committee also discussed areas where the District had experienced savings or underutilization. Hoffman pointed out that despite the spike in legal costs, most other operating categories appeared to be in line with expectations or coming in below budget. He praised the Finance team for maintaining tight control over expenditures. Williams concurred, stating that the financial data showed responsible spending and good forecasting. Both directors agreed that the mid-year review was a helpful exercise in accountability and transparency.

*The 2025 Mid-Year Budget report of transfers was recommended to move forward to the full Board for review by the following vote:*

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

## **ANNOUNCEMENTS**

*Chair Hoffman pointed out the following announcements:*

- District office will be closed Thursday, July 3 in observance of Independence Day
- Regular Board Meeting: Wednesday, July 9 at 6 p.m.
- Personnel Committee: Tuesday, July 15 at 4:30 p.m.
- San Geronio Pass Regional Water Alliance: Wednesday, July 23 at 5 p.m.
- Engineering Workshop: Thursday, July 24 at 6 p.m.
- Beaumont Basin Watermaster Committee: Wednesday, Aug. 6 at 11 a.m.
- Finance & Audit Committee meeting: Thursday, Aug. 7 at 3 p.m.
- District office will be closed Monday, Sept. 1 in observance of Labor Day
- Collaborative Agencies Committee: Wednesday, Sept. 3 at 5 p.m.

**ADJOURNMENT: 4:05 P.M.**

A handwritten signature in black ink, reading "David Hoffman", is written over a horizontal line.

David Hoffman, Chairman

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