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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, October 2, 2025 at 3:00 p.m.

CALL TO ORDER

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

Attendance

Directors present:	Director David Hoffman and Director Lona Williams
Directors absent:	None
Staff present:	General Manager Dan Jaggers Director of Information Technology & Cybersecurity Robert Rasha Director of Finance and Administration Sylvia Molina Human Resources and Risk Manager Ren Berioso Customer Service & Utility Billing Manager Sandra Flores Management Analyst II Melisssa Elizondo Management Analyst II Erica Gonzales Management Analyst I Edith Garcia Finance Manager William Clayton Field Superintendent Julian Herrera Administrative Assistant Cenica Smith Temporary Administrative Assistant Awnie Orozco
Members of the public:	None

PUBLIC COMMENT: General Manager Jaggers advised that the final draft of the Capacity Charges study would be forthcoming and the action is on a compressed schedule.

ACTION ITEMS

1. **Adjustments to the Agenda**: Director of Finance and Administration Sylvia Molina noted that the agenda had been revised to correct the meeting start time.

2. **Receive and file the Check Register for the Month of August 2025**

   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	

3. Financial Reports/Recommendations

a. Review of the August 2025 Budget Variance Reports
b. Review of the August 31, 2025 Cash and Investment Balance Report
c. Review of Check Register for the Month of August 2025
d. Review of September 2025 Invoices Pending Approval

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

- Grant revenue has already exceeded budget by 21 percent. The B-Line project was completed and there is approximately $280,000 in grant funds remaining, which could come in this year.
- Miscellaneous income totals $35,467 which is above the $5,000 budgeted. This could represent rebates, scrap / recycled materials, or other unanticipated funding.
- Bad debt was defined as uncollectible such as when a developer goes out of business while still owing the District money. Outstanding balances from customers are rolled into a lien on the property. This line item is rarely used.
- State Water purchases are currently at $4,468,000. The Board will soon be asked for additional funds up to $2 million.
- **Edison Charge:** Director Williams asked about a $10.40 charge to Southern California Edison for 12303 Oak Glen Road; staff confirmed it was the basic service fee to maintain electrical service at the northernmost District residence.
- **Gas Company Charge:** Questions arose regarding a $15.78 payment to Southern California Gas Company. Staff identified the charge as related to gas service at the Cherry Yard, where there is a Waukesha gas powered motor.
- **Dozer Repair:** A pin sheared off on the front slope board, metal shavings entered the hydraulic system, and repairs were completed. During pickup, the hydraulic pump failed and required further repair. Staff confirmed the dozer weighs approximately 29,000 pounds and is transported by District equipment.
- **Propane Payment:** Staff clarified that the apparent seemingly duplicate entires resulted from employee reimbursements and accounting entries, not multiple payments.
- **Water Truck Rental:** The Committee discussed water truck expenses for Well 1 and other uses. Staff stated that the truck is rented but operated by District employees for construction, fire protection, weed abatement, and dust control. A future purchase of a District-owned truck is being considered for cost efficiency.
- **Montecito Water District Purchase:** Staff reported purchase of a gently used Itron AMR/AMI meter reading kit from Montecito Water District at a discount of approximately $10,000 below retail, processed through normal purchasing procedures.
- **Raftelis Capacity Charges Study:** The Committee confirmed a payment to Raftelis for the capacity fee study, with staff confirming it related to that project.
- **Message Board Rental:** Costs for renting an electronic message board used for public notification at the Well 1 project, as required by the City of Beaumont. Director Williams suggested the District might consider owning such equipment as it is frequently used.
- **Pass Water Agency Invoice:** Invoice for 867 acre-feet of water from the San Gorgonio Pass Water Agency resulted from meter readings and operational adjustments between agencies.

- **City of Beaumont Sewer Charge:** A $23 charge from the City of Beaumont was identified as a bi-monthly sewer bill for the administration building, based on low indoor water use.
- **Software Renewal:** The District's password management software annual renewal cost.
- **Claim Settlement:** The Committee acknowledged a claim settlement related to vehicle damage.

The Committee recommended presenting the financial reports 3a to 3d 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	

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. 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	

6. Amendment to the BCVWD Fiscal Year 2025 Operating Budget for 01-40-410-500501 State Water Project Purchases

General Manager Jaggers presented the request for an additional $1,995,000 for purchase of an additional 5,000 acre feet (af) of imported water from the San Gorgonio Pass Water Agency (SGPWA). He noted that with this addition, the District's Beaumont Basin storage account would end 2025 at approximately 47,000 af, about a 4.5 year supply.

Chair Hoffman asked about the ability for recharge of that amount, and Jaggers explained both the Noble Creek Recharge Facility (NCRF) ponds and the SGPWA ponds would be used. Chair Hoffman noted that delivery of the 2025 water already purchased was close

to being complete. He asked about potential leakage, and Mr. Jaggers noted that it is possible for water loss at the far east side of Cabazon and the Sustainable Groundwater Management Act accounts for that. Everything that goes in can be extracted, he noted.

The Committee authorized staff to submit a request to the Board of Directors for authorization of a mid-year amendment to the Fiscal Year 2025 Operating Budget for State Water Project additional water supply purchases of up to 5,000 acre feet in an amount not to exceed $1,995,000 by the following vote:

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

7. Proposed Miscellaneous Fee Schedule and Multi-Year Escalation (Administrative Cost Recoveries)

Mr. Clayton reminded that Policy 5031 requires review of these fees annually. He presented the proposed miscellaneous fees, deposits, and penalties, to become effective January 1, 2026. He stated that the proposed updates were grounded in detailed cost analyses and incorporated a five-year escalation schedule, generally using a 2.5% annual adjustment to reflect inflation and maintain cost recovery. He added that while most fees were subject to escalation, a few remained flat to avoid undue burdens or where costs were minimal.

Clayton explained that the fee updates primarily impacted developer-related services and were designed to promote cost recovery predictability. The intention was to present both phases of the fee schedule to the full Board as an informational item, followed by a public hearing. Staff sought feedback and direction regarding the proposed framework and timeline.

The Committee reviewed the proposed fee adjustments. Clayton explained that service connection and meter installation charges were slated for annual 2.5% increases, while some deposits related to engineering functions—such as plan checks and inspections—would remain unchanged in 2026 and begin escalating in 2027. He also noted that deposits for specialized services, such as fire flow testing or plan of service preparation, would follow similar timelines.

General Manager Daniel Jaggers added that although some deposits, such as those related to fire hydrant installations or paving, appeared high, they accurately reflected real material, equipment, and labor costs. He emphasized that recent market conditions had driven up costs for valves, pavement, and materials. Clayton highlighted paving deposit amounts of $10,000 and $20,000 for short- and long-side projects, respectively, which the District had only recently begun charging following prior Board approval.

Jaggers clarified that while January 1, 2026 was the target effective date, the schedule was tight. He outlined the procedural requirements, including a public hearing, notification, and compliance with statutory notice periods. Jaggers stated that the earliest feasible timeline would likely align with a regular November or December 2025 Board meeting, with staff aiming to set the public hearing during the October Engineering Workshop if possible.

In closing, Clayton and Jaggers noted that a five-year escalation approach was beneficial for administrative consistency and efficiency, allowing staff to avoid annual recalculations while maintaining alignment with inflation trends. Director Williams expressed support for the

approach, noting that the gradual annual adjustments appeared reasonable. Clayton reiterated that the fee schedule would be periodically reviewed to ensure continued accuracy and compliance with policy, and Jaggers noted that the proposed structure represented improvement over prior years when fees had remained unchanged for extended periods.

8. Policy Tracking Matrix Progress Dashboard

Ms. Molina 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. Preliminary FY 2026 Budget Review (no written report)

Ms. Molina provided an update on the 2026 budget process, and described some items being fine tuned due to new information. The plan is to bring the budget numbers to the special Finance & Audit Committee meeting on October 16. Any adjustments made by the Committee would return for review at the November 2 meeting, then presentation to the Board in November and consideration for approval in December.

Mr. Jaggers provided detail on some proposed personnel changes. He noted the comparison of the new rates and increased water sales, and explained that some FY 2025 budgeted expenses did not move forward. Ms. Molina added that revenue is better than expected but staff is trying to be conservative yet realistic at the same time. Jaggers discussed production and variables affecting water sales.

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Beaumont Basin Watermaster Committee: Wednesday, Oct. 1 at 11 a.m.
- Regular Board Meeting: Wednesday, Oct. 8 at 6 p.m.
- Special Finance & Audit Committee meeting: Thursday, Oct. 16 at 3 p.m.
- Personnel Committee: Tuesday, Oct. 21 at 4:30 p.m.
- Special Engineering Workshop: Wednesday, Oct. 29 at 6 p.m.
- Finance & Audit Committee meeting: Thursday, Nov. 6 at 3 p.m.

ADJOURNMENT: 4:10 P.M.

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