



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

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**  
Thursday, February 5, 2026 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 Jagers<br>Director of Information Technology & Cybersecurity Robert Rasha<br>Director of Finance and Administration Sylvia Molina<br>Human Resources and Risk Manager Ren Berioso<br>Finance Manager William Clayton<br>Management Analyst II Melissa Rodriguez-Elizondo<br>Management Analyst I Edith Garcia<br>Customer Service & Utility Billing Manager Sandra Flores<br>Water Utility Superintendent Julian Herrera<br>Water Utility Worker II Andrew Becerra<br>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. January 8, 2026 Regular Meeting

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

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

### 3. Receive and file the Check Register for the Month of December 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              |              |

### 4. Financial Reports/Recommendations

- a. Review of the Preliminary December 2025 Budget Variance Reports
- b. Review of the December 31, 2025 Cash and Investment Balance Report
- c. Review of Check Register for the Month of January 2026
- d. Review of January 2026 Invoices Pending Approval

Chair Hoffman noted that the Preliminary December 2025 Budget Variance Report provided a clear executive summary outlining total revenues collected, the adopted budget amount, and a positive variance of approximately \$6.6 million. He characterized 2025 as an overall positive fiscal year, highlighting that grant revenue and interest income surpassed projections. Director Williams agreed that 2025 appeared to be an excellent year, noting higher-than-expected revenues and lower expenditures, and expressed hope that the financial strength could translate into future savings for ratepayers.

Finance Manager Clayton reminded the Committee that the report is preliminary and subject to year-end closing adjustments which could affect final figures but are not expected to be significant. Chair Hoffman asked staff for outlook considerations for 2026, including interest income, grant revenue, and potential cost pressures. General Manager Jagers stated that while significant grant revenue similar to 2025 is not anticipated, staff continues to pursue funding opportunities. He further discussed upcoming capital expenditures, including booster stations, well facilities, potential pipeline adjustments, and the future engineering operations center. He noted that capital planning continues to evolve in response to operational priorities and Board direction, and that infrastructure costs remain substantial.

Water Utility Superintendent Herrera reported that material prices continue to increase, though the rate of increase may be slowing. The District maintains adequate inventory levels and recently replenished 2026 stock. Staff will rebid supplier contracts in February and provide updated pricing analysis at a future meeting.

The 2026 budget was developed using a review of the prior five years of expenditures and current-year trends. While some savings were realized in 2025, staff anticipates that cost increases in 2026 may offset those savings. Certain accounts will be closely monitored during the mid-year budget review to ensure projections remain on track.

Chair Hoffman introduced the Cash and Investment Balance Report and requested clarification regarding the "average weighted yield to maturity." Mr. Clayton explained the average return across the District's entire investment portfolio and clarified the distinction between weighted average yield and weighted average maturity.

Discussion followed regarding investment policy constraints. Staff emphasized that investments comply with the District's Investment Policy, prioritizing safety and liquidity. The portfolio includes significant allocations to U.S. Treasuries and other highly rated instruments. Staff noted that

precious metals and similar commodities are generally not permitted under the District’s policy and are considered volatile compared to approved fixed-income instruments.

Clayton explained year-end accounting standards and financial reporting. He clarified that differences between book value and market value reflect reporting adjustments rather than realized gains or interest income.

Staff noted that fourth-quarter Local Agency Investment Fund (LAIF) interest earnings were received in mid-January and will be reflected in subsequent reporting.

*Staff highlighted and/or responded to Committee inquiries regarding the following items:*

- Eagle Aerial Photography – approximately \$56,000:  
Payment relates to the Urban Water Use Objectives and “Making Conservation a California Way of Life” compliance efforts. The District entered into a three-year contract that includes an initial setup component and annual service fees.
- Palm Innovation Academy (service installation-related charges):  
Charges associated with installation of a new two-inch service connection. The school reimbursed the District for applicable costs. The District collects fees in advance and processes payment accordingly.
- Nobel Systems (GIS services):  
Charges relate to GIS updates associated with developer projects. GIS costs are debited against developer deposits. Any unused funds are refunded at project completion.
- Pro-Vigil Monitoring Services:  
Monthly charges for 24-hour surveillance monitoring of District vehicles and facilities, including the Inventory Warehouse location.
- Ultrasonic Flow Meters: Staff discussed costs associated with ultrasonic flow meters used for measuring water flow within the system. These meters support operational monitoring and system accuracy, and expenditures reflect equipment procurement and/or installation as part of ongoing infrastructure maintenance and upgrades.
- Iris Group Holdings – Semi-Annual FM-200 Inspection:  
Inspection of the fire suppression system protecting the District’s file room.

*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: Williams | SECONDED: Hoffman | 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.*

*The Director Event Attendance Report was approved by the following vote:*

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

**7. BCVWD Fiscal Year 2025 Operating Budget Carryovers**

Ms. Molina explained that the item is receive and file because there are no qualifying budget carryovers from the prior year requiring amendment, as all expected projects were completed or fell below the reporting threshold.

*The Committee received and filed the report on the Fiscal Year (FY) 2025 Operating Budget Carryover review, noting that no operating budget carryovers are being requested from FY 2025 to FY 2026 by the following vote:*

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

**8. Policies and Procedures Manual Updates/Revisions**

- a. Rescinding Policy 11 Employment of Consultants
- b. Rescinding Policy 12 Employment of Outside Contractors
- c. Proposed Revisions to Policy 17 Purchasing

Finance Manager Clayton presented proposed updates to the District’s purchasing policies, including rescinding Policy 11 (Employment of Consultants) and Policy 12 (Employment of Outside Contractors), and consolidating their content into a revised and renumbered Policy 5080 Purchasing.

Clayton explained that the most significant proposed revision involves updating purchasing thresholds, as reflected in Table 1 of the staff report. He noted that the original thresholds were established in 2009 and that construction, capital, labor, and material costs have significantly increased since that time. He stated that construction-related costs have risen substantially beyond general CPI, resulting in routine operational purchases exceeding existing approval limits even when scope and risk have not materially changed.

Staff reviewed purchasing thresholds of peer agencies, and proposed increasing the Board approval threshold to \$75,000, which Clayton described as conservative by comparison. He emphasized that the proposed revisions are intended to modernize the framework and reflect current cost conditions, not to reduce Board oversight.

Jagers provided additional context, noting that the 2009 policy was adopted following a grand jury investigation and was intentionally stringent at that time. He stated that while the limits were understandable under those circumstances, they have since constrained routine

business operations. He explained that the proposed revisions remain within reasonable industry norms and maintain oversight, while allowing staff to operate more efficiently. He also described refinements to professional services procurement language to better reflect standard practices, emphasizing qualifications and expertise rather than lowest cost alone.

Clayton outlined additional updates, including clearer documentation of delegated authority from the Board to the General Manager and designated staff; clarification of procurement methods and documentation requirements; improved guidance regarding sole source, cooperative purchasing, and emergency purchases; and strengthened change order controls. Staff noted that many of these practices are already in place operationally and are being formally incorporated into written policy for clarity and audit defensibility.

Director Williams commented that the consolidation creates a tighter and more streamlined policy structure and stated that an update after 17 years was reasonable. Hoffman agreed.

*The Committee recommended rescission of Policy 11 (Employment of Consultants), rescission of Policy 12 (Employment of Outside Contractors), and amendment of Policy 17 Purchasing as consolidated Policy 5080 Purchasing to the Board of Directors for adoption by the following vote:*

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

**9. Quarterly Report: Policy Tracking Matrix Progress Dashboard**

Clayton provided a quarterly update on the District’s comprehensive policy review, revision, and adoption process, noting that all 16 policies have now been drafted and are being tracked by department, with emphasis on Finance-related policies in various stages of draft, committee review, and Board adoption. Staff explained that if Policies 11 and 12 are rescinded as proposed, the total number of policies under review would decrease to 14. The only remaining policy anticipated for presentation is the Reserves Policy, which currently exists as an attachment to a 2010 resolution but has not been formalized within the Policy Manual; staff indicated that this item is expected to be presented at the next Finance and Audit Committee meeting in an updated format consistent with the current policy structure.

*The Committee acknowledged the policies to come before the Committee at subsequent meetings by the following vote:*

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

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

General Manager Jagers commented that while the report provides detailed breakdowns of electrical costs by facility, it does not intuitively present the District’s total annual electrical costs in a consolidated format. Referring specifically to the tables summarizing canyon wells, city wells, and booster stations, he suggested that future reports include a totalized annual

energy cost figure to provide clearer insight into overall trends and year-over-year changes in electrical expenses. He noted that tracking total annual energy costs would help the District better evaluate operational impacts and inform future planning opportunities. Director Williams stated she had no questions regarding the report, and Chair Hoffman likewise indicated no concerns beyond acknowledging the significant cost of electricity.

### **11. Quarterly Report: Review of District Contract Expenditures in Fiscal Year 2025**

Director of Finance and Administration Molina presented the quarterly report summarizing District contract expenditures for Fiscal Year 2025, including non-capital improvement contracts, office-based service agreements, and Board-approved contract amounts and expenditures through December. The report summarizes capital improvement project contracts and identifies remaining balances. Jagers noted that several large “on-call” service contracts reflected in the capital improvement table were implemented beginning in April 2025, but many have not been heavily utilized. Chair Hoffman acknowledged the total contract cost remaining shown at the bottom of the table.

### **12. Quarterly Report: 2025 Year to Date Title Report Requests**

Ms. Molina explained that the year-to-date title report request summary is provided quarterly at the Committee’s request for informational purposes to track title activity —primarily processed through Lawyers Title— and noted that while activity is generally limited, there was increased volume toward the end of the year.

### **13. Quarterly Report: Grant Activity**

Staff reported that the quarterly grant activity reflects awarded grants only and noted that the District recently submitted a joint grant application with Riverside County for generator funding of approximately \$1.7 million, with a 25% District match. Staff further explained that, although special districts face challenges in securing grants, the District has implemented an internal weekly review process to monitor grant opportunities across multiple platforms and agencies, and continues coordinating with regional partners, including the Conservation District, to pursue future funding opportunities. Director Williams expressed support for those efforts.

### **ANNOUNCEMENTS**

*Chair Hoffman pointed out the following announcements:*

- Regular Board Meeting: Wednesday, Feb. 11 at 6:00 p.m.
- District Offices closed Monday, Feb. 16 in observance of Presidents Day
- Personnel Committee: Tuesday, Feb. 17 at 5:30 p.m.
- Engineering Workshop: Thursday, Feb. 26 at 6:00 p.m. (conflicts with the Urban Water Institute)
- Beaumont Basin Watermaster Committee: Wednesday, Mar. 4 at 11 a.m.
- Collaborative Agencies Committee: Wednesday, Mar. 4 at 5 p.m.
- Finance & Audit Committee meeting: Thursday, Mar. 5 at 3:00 p.m.

Ms. Molina announced that the 2024 audit received an award from the Government Finance Officers Association.

### **ADJOURNMENT: 4:18 P.M.**



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