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

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING
Thursday, August 6, 2026 at 3:00 p.m.

CALL TO ORDER

Chair Hoffman called the meeting to order at 3:10 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 Finance Manager William Clayton Human Resources and Risk Manager Ren Berioso Management Analyst II Melissa Rodriguez-Elizondo Customer Service and Billing Manager Sandra Flores Management Analyst I Edith Garcia Water Production Operator II Dustin Smith 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. July 1, 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 June 2026

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 June 2026 Budget Variance Reports
b. Review of the June 30, 2026 Cash and Investment Balance Report
c. Review of Check Register for the Month of July 2026
d. Review of July 2026 Invoices Pending Approval

Chair Hoffman noted that total revenues and expenses were as close to budget as possible, near 50%, leaving the District in a good position. Director Williams commented on the accuracy of the budgeting. Ms. Molina credited an effort to keep expenses down. She explained that the revenues reflected water use from April and May and that customer water use had increased significantly with warmer weather and increased irrigation, with additional increases typically occurring in July and August. She also identified a typographical omission in the General Ledger, clarifying that the blank payroll category following double time should read "standby." Director Hoffman acknowledged the summer bill increases and also drew attention to the interest income exceeding budget.

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

- A credit of $1.6 million to Tri-Pointe Homes related to work done pursuant to an oversizing agreement
- **Pro Vigil Security Monitoring:** This approximately $4,000 monthly expense, or nearly $50,000 annually, provides security camera monitoring at the Brookside site. Chair Hoffman commented on the significance of the annual cost and expressed hope that the service would eventually no longer be necessary.
- **San Gorgonio Pass Water Agency Payments:** Ms. Molina highlighted a $577,000 payment to the Pass Agency and advised that it was one of two payments that would reduce the District's bank balance in the following financial report. Director Williams identified the second payment later in the check register.

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 without comment.

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 on Director Event Attendance without comment.

The Director Event Attendance Report 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. **2026 Mid-Year Budget Review**

Ms. Molina reported that District revenues and expenditures remained generally on track with annual projections. She noted that the number of necessary budget adjustments has continued to decline as departmental estimates have become increasingly accurate. Staff identified several internal transfers between accounts within the same divisions to address minor unanticipated expenses, including $20,000 for GIS maintenance and mapping updates related to County projects and additional fleet maintenance and repair costs. New accounts were also established for recently acquired District property. Ms. Molina emphasized that the adjustments were transfers within existing budget categories and that the affected groups of accounts remained within budget overall.

Director Williams requested clarification regarding account classifications. Ms. Molina explained that 410 represents source-of-supply/production activities, while 510 consists of District-wide accounts generally associated with Operations.

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

Ms. Molina presented the matrix and reported that only one Finance Department policy remained outstanding: the credit card policy previously directed to return to the Finance and Audit Committee. She advised that a draft was under review and anticipated presentation to the Committee as early as the following month, which would place the Finance Department on track to complete 100 percent of its policy review and update work by year-end. Chair Hoffman expressed satisfaction with the progress.

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

Finance Manager Clayton noted that a narrative summary had been added to provide greater context for the existing year-to-date pumping cost data. Chair Hoffman observed that the average electric cost of **$196.88 per acre-foot** had increased substantially compared with 2022 but had remained relatively level since 2023, including a slight decrease in 2025. Clayton acknowledged that the five-year comparison was useful and noted the approximately 31 percent increase since 2022.

Director Williams asked about the designation of Well 25 as a non-producing, repair-related exception. General Manager Jaggers explained that the well had been taken out of service due to mechanical issues and Chromium-6 concerns and was undergoing repairs, including installation of a new pump and modifications intended to improve water quality. He indicated that staff continues to evaluate operational options for affected wells as part of the District's broader potable and non-potable water supply planning. Director Williams also confirmed that the District currently charges the same rate for potable and non-potable water; Mr. Jaggers noted that future circumstances could affect how non-potable water rates are structured.

10. Quarterly Report: Review of District Contract Expenditures in Fiscal Year 2026

Mr. Clayton presented the report, explaining the summaries of non-capital contracts and the Capital Improvement Budget-related contracts, with most recently added contracts listed first.

Director Williams asked about the term of the Eagle Aerial Photography contract, and General Manager Jaggers advised that it was structured as a three-year agreement with an option to extend for two additional years. Director Williams also asked about the status of the T.R. Holliman recycled water contract. Mr. Jaggers explained that the City had moved on to another consultant and that the T.R. Holliman contract was essentially inactive; however, the District had retained the remaining contract authorization in case additional assistance was needed. He noted that discussions regarding recycled water implementation were continuing with the City and its consultant and emphasized the need to advance the recycled water program.

Jaggers noted that the District maintains several on-call engineering contracts to provide flexibility as projects and priorities evolve. Uncertainty surrounding Chromium-6 and well performance has caused staff to defer some planned improvements and reprogram available capital funding toward other needed pipelines and facilities, with the revised Capital Improvement Budget to be presented to the Board. He described a phased approach for Well 1A that would allow the District to place the well into service and evaluate water quality before committing to permanent treatment facilities, avoiding potentially unnecessary investment. Dustin Smith noted plans for enclosing the well equipment, and Jaggers explained design of a modular enclosure that could be relocated or incorporated into the ultimate permanent facility once the District determines whether Chromium-6 treatment will be required.

11. Quarterly Report: 2026 Year-to-Date Title Report Requests

Chair Hoffman reviewed the year-to-date title report requests, noting that the District had completed acquisition of the Young property and that activity related to the Brookside property remained ongoing. General Manager Jaggers indicated that the Brookside property accounted for approximately half of the $15,000 appraisal expense.

12. Quarterly Report: Grant Activity

Ms. Molina reported that staff continues to actively search for grant opportunities and had recently identified two potential programs; however, the timing requirements were not compatible with District projects because applicants were required to be shovel-ready while delaying construction until an award decision, potentially for as long as a year. She noted that Finance staff would rotate responsibility for reviewing grant resources and newsletters to ensure opportunities are regularly evaluated. Jaggers added that an application for approximately $1.7 million in generator funding remained pending and cautioned that delaying necessary projects while pursuing grants can result in increased project costs that outweigh potential funding benefits.

Jaggers and Clayton also discussed the value of pursuing grant opportunities through regional partnerships, noting that larger collaborative projects tend to be more competitive for significant grant funding. Mr. Jaggers indicated that the San Gorgonio Pass Water Agency (SGPWA) was advancing regional concepts that could involve the District, City of Banning, and other area water providers and potentially reduce the District's share of future infrastructure costs.

13. 2026 Imported Water Order from the San Gorgonio Pass Water Agency

Mr. Jaggers reviewed the District's 2026 imported water order, noting that approximately $4.47 million had been budgeted in 2026 for the purchase of 11,200 acre-feet of water and that staff anticipated requesting Board authorization to purchase an additional 2,800 acre-feet at $399 per acre-foot, or approximately $1.12 million, using reserves. He explained that the District currently had approximately 45,470 acre-feet in storage and projected that the 2026 purchases could increase the balance to approximately 49,270 acre-feet, equivalent to about 4.7 years of replenishment needs. Mr. Jaggers noted that the District has been intentionally purchasing water above its annual replenishment needs to build reserves toward a goal of approximately five years of stored supply, consistent with the District's water supply planning. As that target is reached, he suggested the Board may consider reducing future purchases above annual needs and allowing the SGPWA to retain more water in regional storage for potential use by other area agencies during drought conditions.

Chair Hoffman asked whether the District would be able to take delivery of its authorized water and the proposed additional 2,800 acre-feet before the end of the year, noting concern that recent precipitation, snowpack, and reservoir conditions could indicate developing drought conditions. Jaggers advised that delivery of the District's water was expected to be completed by the end of August, including the additional purchase if authorized. He further reported that, based on information received from the Pass Agency, State Water Project reservoirs were at or above average levels and there was cautious optimism regarding the following year's State Water Project supply. Jaggers indicated that staff would return to the Board with the additional 2026 purchase authorization and a proposed 2027 water order following a similar strategy, after which the District could reassess its storage position and future purchasing needs.

ANNOUNCEMENTS

Chair Hoffman pointed out the following announcements:

- Regular Board Meeting: Wednesday, Aug. 12 at 6:00 p.m.
- Personnel Committee: Tuesday, Aug. 18 at 4:30 p.m.
- Engineering Workshop: Thursday, Aug. 27 at 6:00 p.m.
- Finance & Audit Committee meeting: Thursday, Sept. 3 at 3:00 p.m.
- District offices will be closed on Monday, Sept. 7 in observance of Labor Day

ADJOURNMENT: 3:44 P.M.

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