

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 29, 2022:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, March 29, 2022, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 2:00 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Gloria Dizmang, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Dennis Hoffmeyer, Finance Manager

Judy Shay, Public Affairs Director

Diana Gunn, Accounting Supervisor

Bob Egan, Financial Advisor

Dawn Deans, Executive Assistant

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held February 22, 2022.

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held February 22, 2022, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February 2022. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, Investment Funds Report, and Cash Flow Statement through February 2022, including transfers, capital improvement funds and assessments received, and the projected year-end balance followed by discussion of RDA pass-through funds and transfers for water purchases.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February 2022. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement, departmental budgets versus actual, and individual department budgets for the period ending February 2022 and stated that departments are operating at or near the targeted expenditure percentage of 16.7%, the historical trend average of 13.8% for revenues, and the historical trend average of 15.6% for expenses followed by discussion of departments over these percentages and future items to include in the monthly reports.

4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and the payout summary for the 2018A Series and 2021A Series Water Revenue Bonds through February 2022.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) The Effect of COVID-19 Event.

Finance Manager Hoffmeyer stated that due to COVID-19 events, as of February 2022, there were 2,082 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$675,812 compared to 2,013 accounts at January 2022 with an outstanding balance of \$612,784 with state arrearage funds applied, 2,172 accounts at December 31, 2021 with an outstanding balance of \$871,057, and 1,512 accounts at February 2021 with an outstanding balance of \$810,175.

He then stated that staff is now performing shutoffs for past due accounts targeting the most delinquent accounts with the highest balances and has established payment arrangements and collected amounts on these accounts.

b) Revenue Projections.

He then stated that 2022 revenue is behind projections based on selling 17,000 AF of water by approximately \$50,000 as of February 2022.

He then stated that as an update to the Rate Assistance Program, there are now 582 accounts qualified for the Rate Assistance Program with three openings remaining and that 399 accounts are seniors, 172 accounts are low income, and 11 accounts are veterans.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for March 2021 to February 2022 is 1.95 and remains strong.

5.3) Other.

There were no other items to report.

6) Board Members' Requests for Future Agenda Items.

Committee Member Dizmang requested an analysis of the cost per water main leak and the dollar amount saved from infrastructure improvements after which General Manager LaMoreaux stated that he will include this information in his next monthly report to the Board.

There were no requests for future agenda items.

7) **Date of Next Committee Meeting.**

It was determined that the next Finance Committee meeting will be held April 26, 2022 at 3:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:55 p.m.



Chair