

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, AUGUST 17, 2022:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, August 17, 2022, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 1:30 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

Chris Bligh, Facilities Manager

Angelica Barragan-Garcia, Human Resources Dir.

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 July 19, 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 July 19, 2022, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of July 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 July 2022, including assessments received, the Butte payment, and the projected year-end balance, followed by discussion of the long-term lease with Butte County.

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

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement, quarterly comparison report, departmental budgets versus actual, and individual departmental budgets for the period ending July 2022 and stated that most departments are operating at or near the historical trend average of 55.4% for revenues, the historical trend average of 56.4% for expenses, and the traditional budgetary percentage of 58.3% followed by discussion of the District's increased costs.

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 projects paid out through the 2018A Series and 2021A Series Water Revenue Bonds through July 2022.

4.5) Consideration and Possible Action on a Recommendation for Setting Palmdale Water District's Assessment Rates for Fiscal Year 2022-2023 and Adoption of Resolution No. 22-24 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing Assessment Rates for Fiscal Year 2022-2023. (Finance Manager Hoffmeyer/Financial Advisor Egan)

Finance Manager Hoffmeyer and Financial Advisor Egan provided an overview of annual assessment rates and the calculations for the District's rates, and after a brief discussion, it was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting that

the Committee concurs with staff's recommendation that the full Board consider setting Palmdale Water District's assessment rates for fiscal year 2022-2023 and adopt Resolution No. 22-24 being a Resolution of the Board of Directors of the Palmdale Water District Establishing Assessment Rates for Fiscal Year 2022-2023.

4.6) Consideration and Possible Action on a Recommendation for a Five-Year Capital Lease for Equipment and Smaller Non-Bondable Capital Projects. (\$1 Million – Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of a proposed five-year capital lease program, and after a brief discussion of proposed equipment included in the program, it was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation that the full Board consider a Five-Year Capital Lease for Equipment and Smaller Non-Bondable Capital Projects in the not-to-exceed amount of \$2.4 million.

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 July 2022, there were 905 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$317,292, which is an increase of 2.62% from prior months; that one year ago, there were 1,607 accounts meeting this criteria with an amount owing of \$986,421; and that staff continues to offer payment arrangements encouraging the payment of outstanding balances.

b) Revenue Projections.

He then stated that based on selling 17,000 AF of water, 2022 revenue is behind projections by approximately \$395,200 as of July 2022.

c) 2023 Budget Kick-off.

He then provided a detailed overview of staff's recommendations for the basis of the 2023 Budget, including projected water usage and employee expenses.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for August 2021 to July 2022 is 2.35.

5.3) Other.

Finance Manager Hoffmeyer informed the Committee that the District is in compliance with all requirements of its bond issuances.

There were no other items to report.

6) Board Members' Requests for Future Agenda Items.

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 September 21, 2022 at 1:30 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:52 p.m.


Chair