

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 18, 2022:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, October 18, 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

Diana Gunn, Accounting Supervisor

Tara Rosati, Customer Care 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 September 21, 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 September 21, 2022, as written.

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

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, the quarterly Major Account Activity Report, Investment Funds Report, and Cash Flow Statement through September 2022, including scheduled bond payments, interest, transfers, capital improvement fees received, increases to the Rate Stabilization Fund, the increased cost for the Littlerock Sediment Removal Project, and the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for September 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 September 2022 and stated that most departments are operating at or near the historical trend average of 75.9% for revenues, the historical trend average of 75.3% for expenses, and the traditional budgetary percentage of 75%.

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 September 2022.

4.5) Discussion of a Contract for a Human Resources/Payroll System Program. (\$50,000.00 Not-to-Exceed – Budgeted 2023 – Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer stated that clarification continues on the selection of a firm for a Human Resources/Payroll System Program; that staff anticipates presenting this item to the full Board for consideration at the November 14, 2022 Regular Board

Meeting; and then reviewed the functions of this Program followed by discussion of the practices of other agencies.

4.6) Discussion of Draft 2023 Budget. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the operating side of the proposed 2023 Budget, including projected water sales, department expenditures, CPI and health benefits, and 2022 projected year-end expenses followed by discussion of the 2019 Water Rate Study and scheduling a Special Finance Committee meeting to further consider the 2023 Budget.

4.7) Consideration and Possible Action on a Recommendation on Funding of 2023 Rate Assistance Program. (\$170,000.00 – Budgeted 2023 – Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of staff's recommendation to increase funding for the 2023 Rate Assistance Program, and after a brief discussion of the amount of customers receiving assistance, 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 to increase funding for the 2023 Rate Assistance Program to \$170,000.00 and to cap assistance at \$20 per customer and that this item be presented to the full Board for consideration at the October 24, 2022 Regular Board Meeting.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer stated that as of September 2022, there are approximately 1,000 residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$358,008; that the amount of \$37,559 is over ninety days past due; that there are a total of 19 commercial/industrial/multi-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$15,486; that the amount of \$1,375 is over ninety days past due; 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 \$586,000 as of September 2022.

c) Payment Transactions by Type.

He then stated that electronic payments continue to increase.

d) Billing and Collection Statistics.

He then stated that 11% - 12% of customer accounts are delinquent and have been issued shut-off notices.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for October 2021 to September 2022 is 2.09 and remains strong.

5.3) Other.

Finance Manager Hoffmeyer stated that postage costs have increased; that this has increased the District's expenses for the remainder of 2022; that this increase will be accounted for in the 2023 Budget; and that InfoSend, who mails the District's bills, is now requiring a postage deposit.

There were no other items to report.

6) Board Members' Requests for Future Agenda Items.

Chair Wilson inquired about the funding process for the Pure Water AV Project and the Littlerock Sediment Removal Project after which General Manager LaMoreaux recommended Stantec, the District's consultant, present information to the full Board in 2023 on the grant strategy for these projects.

There were no requests for future agenda items.

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

It was determined that a Special Finance Committee meeting will be held November 2, 2022 at 1:30 p.m. and that the next Finance Committee meeting will be held November 15, 2022 at 1:30 p.m.

8) **Adjournment.**

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



Chair