

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 15, 2022:**

*A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, November 15, 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:**

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 October 18, 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 October 18, 2022, as written.

**4.2) Consideration and Possible Action on Approval of Minutes of Special Meeting Held November 2, 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 Special Finance Committee meeting held November 2, 2022, as written.

**4.3) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of October 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 October 2022, including capital improvement fees received, interest rates and market values, the Rate Stabilization fund, and the projected year-end balance.

**4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for October 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 October 2022 and stated that most departments are operating at or near the historical trend average of 85.3% for revenues, the historical trend average of 84.4% for expenses, and the traditional budgetary percentage of 83.3% followed by discussion of well rehabilitations and future water rates.

**4.5) 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 2021A Series Water Revenue Bonds through October 2022.

**4.6) Discussion of Expense Comparison. (Finance Manager Hoffmeyer)**

Finance Manager Hoffmeyer provided an overview of a ten-year budgetary utility analysis, including costs for water purchases, natural gas, electricity, telecommunications, and chemicals, followed by discussion of water storage and transmission costs.

**4.7) Consideration and Possible Action on a Recommendation Regarding Resolution No. 22-28 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy. (No Budget Impact – Finance Manager Hoffmeyer/Financial Advisor Egan)**

Finance Manager Hoffmeyer provided an overview of the District's Investment Policy after which 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 approve Resolution No. 22-28 being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy and that this item be presented to the full Board for consideration at the November 14, 2022 Regular Board Meeting.

**5) Reports.**

**5.1) Finance Manager Hoffmeyer:**

**a) Accounts Receivable Overview.**

Finance Manager Hoffmeyer stated that as of October 2022, there are ten commercial/industrial accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$19,217 and \$1,568 over ninety days past due; that there are five multi-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$2,964 and \$12 over ninety days past due; that there are 1,041 residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$352,354 and \$28,815 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 \$827,000 as of October 2022.

**5.2) Financial Advisor Egan:**

**a) Debt Service Coverage Status.**

Financial Advisor Egan stated that the Debt Service Coverage for November 2021 to October 2022 is 1.66 and remains strong.

**5.3) Other.**

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 December 20, 2022 at 1:30 p.m.

**8) Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:50 p.m.

  
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Chair