

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 21, 2023:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, March 21, 2023, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 1:39 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Kathy Mac Laren-Gomez,

Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Dennis Hoffmeyer, Finance Manager

Judy Shay, Public Affairs Director

Bob Egan, Financial Advisor

Danielle Henry, Executive Assistant

Patricia Guerrero, Management Analyst

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Mac Laren-Gomez, 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 January 17, 2023.

It was moved by Committee Member Mac Laren-Gomez, 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 January 17, 2023, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February 2023. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Reports, Investment Funds Report, and Cash Flow Statement through February 2023, including assessments received, capital improvement fees, increased interest rates and market values, and the projected year-end balance followed by a brief discussion of Certificate of Deposit values, interest rates, inflation, and the Budget projection in relation to the drought.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February 2023. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement, departmental budgets versus actual, and individual departmental budgets for the period ending February 2023 and stated that operating revenue is slightly above the historical trend average at 13.8%, that expenses are slightly below the historical trend average at 15.6%, and that most departments are operating at or below the traditional budgetary percentage of 16.7% followed by a brief discussion of the inflation impact on materials and fuel.

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 2021A Series Water Revenue Bonds through February 2023.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer stated that as of February 2023, 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 \$7,636 and \$178 over ninety days past due; that there are seven multi-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$7,561 and \$329 over ninety days past due; that there are 1,074 single-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$315,018 and \$38,358 over ninety days past due; and that staff continues to offer payment arrangements encouraging the payment of outstanding balances with 21 arrangements made as of February 28.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, revenue is behind projections by approximately \$316,000 as of February 2023.

c) Rate Assistance Program Status.

He then stated that as of March 15, 2023, the Rate Assistance Program is completely full with 695 qualified applicants including 448 accounts being seniors, 13 being veterans, 234 being low-income, and 5 spots reserved in the Program for pending applicants.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for February 2022 to January 2023 was 1.73 and for March 2022 to February 2023 is 1.78 and remains strong.

5.3) Other.

Finance Manager Hoffmeyer provided a brief overview of information received from Citizens Business Bank and UBS Bank USA regarding the safeguarding and stability of the District's accounts.

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 April 18, 2023 at 1:30 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:31 p.m.



Chair