

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, APRIL 18, 2023:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, April 18, 2023, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 1:30 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Kathy Mac Laren-Gomez,

Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Dennis Hoffmeyer, Finance Manager

Judy Shay, Public Affairs Director

Tara Rosati, Customer Care Supervisor

Diana Gunn, Accounting Supervisor

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 March 21, 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 March 21, 2023, as written.

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

In the absence of Financial Advisor Egan, Financial Manager Hoffmeyer provided an overview of the monthly Major Account Activity Reports, the Quarterly Major Account Activity, the Investment Funds Report, and the Cash Flow Statement through March 2023, including bond payments, assessments received, increased interest, capital improvement fees, face values, market values, and the projected year-end balance followed by a brief discussion of Certificates of Deposit, Treasury Bills, Treasury Notes and the status of the Palmdale Recycled Water Authority.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for March 2023. (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 March 2023 and stated that operating revenue is on track with the historical trend average of 20.6%, that expenses are slightly below the historical trend average at 20%, and that most departments are operating at or below the traditional budgetary percentage of 25% followed by a brief discussion of early year expenses and current water sales.

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 March 2023.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer stated that as of March 2023, there are 12 commercial/industrial accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$8,246.66 and \$643 over ninety days past due; that there are 2 multi-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$2,357 and \$337 over ninety days past due; that there are 973 single-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$276,308 and \$31,382 over ninety days past due; and that the numbers reflected are consistent with normal operations.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, revenue is behind projections by approximately \$584,682 as of March 2023.

c) Payment by Transaction Type.

He then stated that electronic payments continue to be the leading payment type at 70% followed by a brief discussion of the electronic payment trends and payment partnerships during the pandemic.

d) Billing and Collection Statistics.

He then stated that there were 364 off and locks in January 2023 with the return of normal operating procedures followed by a brief discussion of delinquent payments and customer consistency.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Manager Hoffmeyer stated that the Debt Service Coverage for April 2022 to March 2023 is 1.57 and remains in a positive position.

5.3) Other.

Finance Manager Hoffmeyer stated that staff is working on completing the audits for 2022 and that the District's final report will be presented at the Regular Board meeting in May followed by a discussion of the next 5 year rate study including the Pure Water AV Project funding, partnerships and contributions, grant funding, inflation, water banking opportunities, advance treatment technology, and the importance of customer outreach and education.

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.

After a brief discussion, it was determined that the next Finance Committee meeting will be held May 16, 2023 at 1:30 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:00 p.m.


Chair