

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JANUARY 25, 2022:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, January 25, 2022, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 2:00 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

Judith Hernandez, Senior Customer Care Rep.

Bob Egan, Financial Advisor

2 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 November 23, 2021.

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 November 23, 2021, as written.

4.2) Consideration and Possible Action on Contract Services Agreement With Infosend Regarding Consolidation and Enhancements Regarding Payment Processing and the District's Billing Website Upgrades. (\$ to be Determined – Budgeted – Budget Item No. 1-00-4130-000 – Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the proposed Contract Services Agreement with Infosend and the potential cost, 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 to approve the Contract Services Agreement with Infosend regarding Consolidation and Enhancements Regarding Payment Processing and the District's Billing Website Upgrades in an amount to be determined within budget amounts.

4.3) Consideration and Possible Action on Contract Services Agreement With Bartel Associates Regarding GASB 68 and GASB 75 Actuarial Valuation. (\$14,250.00 – Budgeted – Budget Item No. 1-02-5070-007 – Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the proposed Contract Services Agreement with Bartel Associates, 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 to approve the Contract Services Agreement with Bartel Associates Regarding GASB 68 and GASB 75 Actuarial Valuation in the not-to-exceed amount of \$14,250.00.

4.4) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of October 2021. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, Investment Funds Report, and Cash Flow Statement through November 2021, including transfers to the Rate Stabilization Fund, assessments received for November and December, arrearage funds received, and the increase in the projected year-end balance followed by discussion of the upcoming Butte County payment.

4.5) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for November 2021. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement and trends, quarter to quarter comparisons, and revenue and expense analysis reports for the period ending November 2021 and stated that departments are operating at or near the targeted expenditure percentage of 91.7% followed by discussion of the lack of rainfall, the Facilities Department budget, contracted services, and employee recruitment.

4.6) 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 the payout summary for the 2018A Series and 2021A Series Water Revenue Bonds through November 2021 followed by discussion of compliance with bond requirements.

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 November 30, 2021, there were 2,047 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$1,333,949 million compared to 1,930 accounts at October 31, 2021 with an outstanding balance of \$1,249,366 million and 1,447 accounts at November 30, 2020 with an outstanding balance of \$660,409.

b) Revenue Projections.

He then stated that 2021 revenue is ahead of projections by approximately \$619,000 as of November 30, 2021.

c) Rate Assistance Program Status:

He then stated that for 2021, 709 customers participated in the Rate Assistance Program including 361 seniors and 14 veterans; that the Program for 2022 allows a maximum of 585 participants; that as of January 25, 2022, 571 customers are participating in the Program including 393 seniors, 11 veterans, and 167 low income; and that 2022 funds are exhausted followed by discussion of providing assistance to additional customers and SB222.

He then informed the Committee that the District qualified for \$757,355 from the State Arrearage Funding Program for past due accounts due to COVID-19; that based on the various qualification requirements of the Program, only 850 accounts qualified for funding with \$360,489 applied to residential customer accounts, \$4,036 applied to commercial accounts, and \$10,945 applied to administrative fees; and that the remaining funds were required to be returned to the state less additional administrative fees.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for December 2020 to November 2021 is 2.00.

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 February 22, 2022 at 2:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:19 p.m.



Chair