MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, APRIL 7, 2014:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, April 7, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order.

1) **Roll Call.**

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Gloria Dizmang, Chair	Robert Alvarado, PWD Director
Vincent Dino, Committee Member	Mike Williams, Finance Manager
	Dennis Hoffmeyer, Senior Accountant
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	1 member of the public

2) **Adoption of Agenda.**

It was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to adopt the agenda, as written.

3) **Public Comments.**

There were no public comments.

4) **Action Items:**

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held March 3, 2014.

It was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the Finance Committee meeting held March 3, 2014, as written.

4.2) Presentation, Consideration, and Possible Action on Acceptance and Filing of 2013 Audit and Management Report. (Charles Z. Fedak & Company, CPAs/Financial Advisor Egan/Finance Manager Williams)

Chair Dizmang stated that this item will be skipped until the Charles Z. Fedak & Company representative arrives at the meeting.

4.3) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February 28, 2014. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of February 28, 2014, including the overall increase in cash of $575,000, and then reviewed the balance of the bond funds and rate stabilization fund and stated that projected year-end looks positive.

4.4) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for February 28, 2014. (Finance Manager Williams)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending February 28, 2014 along with the graphic presentations for these reports and stated that all departments, with the exceptions of Administration, Engineering, and Finance, operated at or below the targeted expenditure percentage of 16.6% or less followed by discussion of overtime charges.

Chair Dizmang then stated that Agenda Item No. 4.2 will now be considered.

4.2) Presentation, Consideration, and Possible Action on Acceptance and Filing of 2013 Audit and Management Report. (Charles Z. Fedak & Company, CPAs/Financial Advisor Egan/Finance Manager Williams)

Mr. Paul Kaymark, of Charles Z. Fedak & Company, reviewed in detail the District's 2013 Audit and Management Report including the audit opinion, operating revenues and expenses, depreciation, the net increase in cash, secure investments, reclassification entries, tracking of unfunded CalPERS pension liability under GASB 68, and an explanation of GASB 68.

It was then moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried that the Committee concurs with the acceptance and filing of the 2013 Audit and Management Report and that this item be presented to the full Board for consideration at the April 9, 2014 Regular Board meeting.

Chair Dizmang then stated that Agenda Item No. 4.5 will now be considered.

4.5) Discussion and Overview of Committed Contracts Issued. (Assistant General Manager Knudson)

General Manager LaMoreaux reviewed the status of engineering projects included in the Committed Contracts and Payout Schedule and payments for projects funded from the Water Revenue Series 2013A Bonds.

4.6) Discussion and Review of the District's Bid Procurement and Change Order Policy – Rules and Regulations Appendix M. (General Manager LaMoreaux)

General Manager LaMoreaux stated that he and Assistant General Manager Knudson have met with representatives from the Building Trades Association and their legal counsel regarding Project Labor Agreements; that a second meeting is scheduled for April 15 where they will present additional information and discussions will continue; and that discussions will also occur with an organization opposed to Project Labor Agreements after which Chair Dizmang requested the pros and cons of Project Labor Agreements, entering into such an Agreement on a trial basis, and the potential for local contractors not bidding on the District's projects if such an Agreement were in place be considered.

4.7) Discussion and Review of Low Income Assistance Program. (Finance Manager Williams)

Finance Manager Williams reviewed the details of a proposed Rate Assistance Program available to seniors age 62 or older and stated that this program will be funded through the District's leased property agreements and that if the Committee concurs with the concept of the Rate Assistance Program, a policy will be developed for implementation in January, 2015 after which the Committee concurred with the development of a policy for the Rate Assistance Program.

5) Information Items.

5.1) Status on Development of a Financial Calendar. (Finance Manager Williams)

Finance Manager Williams reviewed the Financial Calendar and stated that staff will continue adding to this Calendar to keep the Committee aware of the timeline for the completion of any financial documents and/or projects.

5.2) Other.

General Manager LaMoreaux stated that proposals for the RFP for the Water Rate Study are due April 17; that a special Finance Committee meeting is scheduled for April 21 to review the proposals; that staff's intent is to present a proposal to the full Board for consideration at the April 23, 2014 Board meeting; that the rates must be complete by June, a public hearing held in August, and the rates adopted for the preparation of the 2015 Budget; and that the RFP was sent to five rate analysis firms and four outreach firms.

He then stated that Assistant General Manager Knudson included a written report in the agenda packets regarding the status of pending grants and future grant opportunities, most of which are available through the Integrated Regional Water Management process, if there are any questions on same.

He then stated that a customer called to inform the District they are happy the IVR phone system is in place but are unhappy they had to press '1' to stay in English and that overall this system has been very successful.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

It was then stated that the next Finance Committee meeting may be held April 21, 2014 at 9:30 a.m. at the special Finance Committee meeting.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned.

Gloria A. Young
Chair