MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 25, 2018:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, October 25, 2018, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:33 p.m.

1) Roll Call.

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Marco Henriquez, Chair	Adam Ly, Assistant General Manager
Robert Alvarado, Committee Member	Mike Williams, Finance Manager
	Judy Shay, Public Affairs Director
	Dennis Hoffmeyer, Accounting Supervisor
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	1 member of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments on Non-Agenda Items.

Ms. Joanne Granai, Palmdale resident, inquired about transparency and the benefit to ratepayers for Directors being provided health insurance for their families.

There were no further public comments on non-agenda items.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held September 20, 2018.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held September 20, 2018, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of August 2018. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of August 31, 2018, including assessments received and the balance decrease due to a transfer to the checking account, and the cash flow statement, including the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for August 2018. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the new format for 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 August 2018 and stated that most departments are operating at or below the targeted expenditure percentage of 66%.

4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Williams)

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2018 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 available funding sources.

4.5) Discussion and Overview of 2019 Budget. (Finance Manager Williams)

Finance Manager Williams distributed a draft 2019 Budget and then provided a detailed overview of the 2019 Budget, including projected water sales, department budgets, projected expenses, personnel costs, staff's efforts to reduce expenses and costs, minimal projects for 2019, meeting debt service coverage, and projected year-end cash for 2019 followed by discussion of deferred and needed projects, the upcoming rate study, the need for rate adjustments to continue to meet debt service coverage, and carry-over projects.

The Committee then recommended that Director briefings be scheduled regarding the November 5 Special Budget Meeting and that the draft 2019 Budget presented to the Committee this evening be provided to the full Board as soon as possible.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Financial Advisor Egan stated that the Debt Service Coverage for the period of September 2017 through August 2018 is 1.18 and meets the required Debt Service Coverage.

5.2) Other.

Finance Manager Williams provided an overview of payment data for the period of September 2017 to August 2018, payment transactions by type indicating an increase in electronic and telephone payments, and the upcoming uncashed warrants publication followed by discussion of the large number of mailbox vandalisms which could lead to late water bill payments.

General Manager LaMoreaux stated that Finance Manager Williams presented the District's water rate structure at the recent TruePoint Conference and that the presentation was very successful and well-appreciated.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

Committee Member Alvarado requested "Update on additional steps taken to continue meeting Debt Service Coverage" and "Update on informing customers on the upcoming Proposition 2018 process" be included on the agenda for the next Committee meeting.

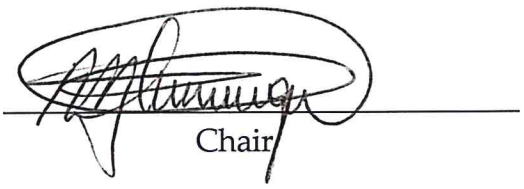
Chair Henriquez inquired about potential grants for the District's recharge project after which General Manager LaMoreaux provided a brief report on the status of geology reports for the project and the Lahontan Regional Water Quality Control Board permit process.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held tentatively on December 6, 2018 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 6:20 p.m.



Chair