

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, AUGUST 22, 2011:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, August 22, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Godin called the meeting to order.

1) Roll Call.

Attendance:

Finance Committee:
Linda Godin, Chair
Gordon Dexter, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Mike Williams, Finance Manager
Danielle Doll, Administrative Assistant
1 member of the public

2) Adoption of Agenda.

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

3) Public Comments.

Mr. Robert Alvarado, Director-Elect for Division 1, stated that he read with interest the recent Antelope Valley Press article on the different proposals for employee benefits and is looking forward to learning more about this topic.

There were no further public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held July 25, 2011.

It was moved by Committee Member Dexter, seconded by Chair Godin, and unanimously carried to approve the minutes of the meeting held July 25, 2011, as written.

4.2) Discussion of Status Report on Cash Report at July 31, 2011 and Cash Flow Report Through December 31, 2011. (Financial Advisor Egan)

Finance Manager Williams reviewed the July 31 cash report noting July water sales were nearly \$400,000 less than expected and that this, among other items, brings projected cash at December 31, 2011 to \$5.6 million rather than the original projection of \$8 million.

4.3) Discussion of Status Report on Financial Statements and Departmental Budget Reports for July 2011. (Finance Manager Williams)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year and month-to-month revenue and expense analysis, and individual departmental reports through July 2011 and stated that the target expenditure percentage should be at or below 58.3%; that overall, departments are at or below this expenditure; and then provided specific detail on these reports, individual budget line items over-budget, and graphs for these reports and stated that staff remains consistent in spending within the District's means.

4.4) Discussion of Status Report on Engineering Department Contractual Commitments and Projected Payout Schedule. (Finance Manager Williams)

Finance Manager Williams reviewed July's Contractual Commitments and Projected Payout Schedule and stated that the Schedule includes projected payments through January 2012 and will be projected as far as possible as information is provided.

4.5) Review of Draft Projections Through 2013. (Financial Advisor Egan)

Finance Manager Williams reviewed two cash flow projections through 2012 and 2013 and stated that one report has no rate increase or cuts in operating expenses and indicates an ending cash projection of \$2.2 million in 2012 with cash running out completely in 2013; that the second report includes an 8% water rate revenue increase each year with an ending cash projection of \$3.9 million in 2012 and an ending cash projection of \$4.9 million in 2013; and that Financial Advisor Egan advises the District's viability going forward depends on a combination of rate increases and cuts in operating expenses.

5) Information Items.

Finance Manager Williams informed the Committee that the District will be signing up with Banco for third-party payment processing; that Banco will act as a liaison between all banks, credit unions, and other financial institutions for electronic processing

of water bills; and then reviewed the current process, the amount of electronic checks processed, and the cost and proposed process with Banco.

There were no further information items to discuss.

6) Board Members' Requests for Future Agenda Items.

Committee Member Dexter requested an operating expense pie-chart showing the percentage of labor and benefits to help in future discussions on cash flow, rate increases, and cuts in operating expenses and stated that cuts cannot be on the employees' backs and he recommends this information be presented sooner than later as cuts in this area will not avoid a rate increase followed by discussion of Financial Advisor Egan's projections through 2012 and 2013.

General Manager LaMoreaux then provided an overview of Capital Improvement Projects and Fees, as well as the District's Reserve Policy.

Finance Manager Williams then informed the Committee that next month's reports will include a bar graph breakdown of funds received for meter fees versus commodities.

There were no further requests for future agenda items.

The next Finance Committee meeting was then scheduled for September 26, 2011 at 5:15 p.m.

10) Adjournment.

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



Chair