MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, SEPTEMBER 11, 2013:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, September 11, 2013, 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	Mike Williams, Finance Manager
Steve Cordova, Committee Member	Dennis Hoffmeyer, Senior Accountant
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	0 members of the public

2) **Adoption of Agenda.**

It was moved by Committee Member Cordova, 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 August 14, 2013.

It was moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the meeting held August 14, 2013.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of July 31, 2013. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of July 31, 2013, including the decrease in cash due to an unanticipated payment to the Department of Water Resources and anticipated payments for Granular Activated Carbon, State Water Project costs, and Butte payments and stated that water sales are

higher and assessments are slightly above anticipated amounts; that reserves are lower than they should be; but that year-end is projected $1.7 million above budgeted.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for July 31, 2013. (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 July 31, 2013 and stated that all departments are operating at or below the targeted expenditure percentage of 58% or less and continue to keep expenses down and operate very efficiently.

4.4) Discussion and Overview of Committed Contracts Issued. (Engineering Manager Knudson)

General Manager LaMoreaux reviewed payments included in the Committed Contracts and Payout Schedules for capital projects, projects funded by the Water Quality Fee, and projects funded from the Water Revenue Series 2013A Bonds.

4.5) Discussion and Review of 2014 Budget. (Finance Manager Williams)

Finance Manager Williams reviewed the timeline for staff's budget planning process through adoption after which Senior Accountant Hoffmeyer reviewed the factors to be included in the 2014 budget, the process for collecting budget data from Department Managers, projected year-end at December, 2014, and Southern California Edison Company's projected rate increase.

Finance Manager Williams then stated that a full review of the budget financial information with initial projections will be presented at the next Committee meeting.

Chair Dizmang then requested Department Managers include specific savings achieved in their accomplishments.

4.6) Discussion of Development of Departmental Budget Worksheets. (Chair Dizmang)

Chair Dizmang requested simplified financial information be presented for the Committee's use after which the items to be included in a budget worksheet were discussed, and General Manager LaMoreaux stated that a budget worksheet will be developed and presented to the Committee for review.

4.7) Consideration and Possible Action on Reserve Policy. (Chair Dizmang)

Finance Manager Williams reviewed the draft Reserve Policy based on recommendations from the last Committee meeting.

Financial Advisor Egan then stated that the Board has to raise rates and keep expenses flat to increase reserves and that 2013 did not see a slide until now.

After a brief discussion of the draft Reserve Policy and the consequences of a dry year, General Manager LaMoreaux stated that the draft Reserve Policy will be presented to Mr. Steve Perez, General Manager for Rosamond Community Services District, for review and comment with a final Reserve Policy then presented to the Committee.

4.8) Consideration and Possible Action on Request for Proposals for Auditor. (Financial Advisor Egan)

Financial Advisor Egan stated that Requests for Proposals for auditing services were submitted to Brown & Armstrong, Burkey Cox, Fritz Russell, and Charles Fedak; that proposals are expected by Friday and are anticipated to have a rate of $20,000 per year with a three-year contract; and then reviewed why he does not see the need to change auditors.

After a brief discussion, staff recommended the Committee review all proposals at the next Committee meeting and recommend the finalists to the full Board for consideration.

The upcoming state audit was then discussed.

4.9) Consideration and Possible Action on Request for Proposals for Preparing a Rate Study. (General Manager LaMoreaux)

General Manager LaMoreaux stated that the District must complete the Proposition 218 process in 2014 and recommended staff prepare a Request for Proposals for conducting a rate study, and after a brief discussion of including public relations assistance in the Request for Proposals and of the potential cost of the rate study, the Committee concurred with staff's recommendation.

General Manager LaMoreaux then stated that a draft Request for Proposals will be presented at the next Committee meeting for discussion.

5) Information Items.

Finance Manager Williams presented an analysis that shows a comparison of payment types from January through August, reviewed the shift in how customers are paying their bills, and stated that front lobby customers have an average wait time of five to seven minutes with a service time of approximately three minutes and that revisions have been made to the District's telephone system to help with customer wait time.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

The next Finance Committee meeting was then scheduled for October 9, 2013 at 5:00 p.m.

7) Adjournment.

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

Chair