MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 1, 2014:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, July 1, 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	Matt Knudson, Assistant General Manager
Vincent Dino, Committee Member	Mike Williams, Finance Manager
	Bob Egan, Financial Advisor
	Dennis Hoffmeyer, Senior Accountant
	Dawn Deans, Executive Assistant
	0 members 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 June 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 June 3, 2014, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of May 31, 2014. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of May 31, 2014, including the increase in cash of approximately $713,000 due to

assessments, Department of Water Resources' refunds, and redevelopment agency funds and stated that new investments will be included on the June Cash Flow Statement followed by discussion of Granular Activated Carbon payments, anticipated reductions in future water sales, increased State Water Project costs, redevelopment funds, and reporting requirements for the Water Revenue Series 2013A Bonds.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for May 31, 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 May 31, 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 41.6% and then reviewed those line items over budget followed by discussion of anticipated growth in the District's service area.

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

Assistant General Manager Knudson reviewed the status of engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed and budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds followed by discussion of uncommitted funds from the Water Revenue Series 2013A Bonds.

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

General Manager LaMoreaux recommended the provisions of Appendix M be reviewed after completion of discussions on Project Labor Agreements and then stated that meetings continue with the Building Trades Association regarding the District's use of their Project Labor Agreements and that staff anticipates a final Project Labor Agreement will be presented to the Committee for consideration at the August or September meeting.

5) Information Items.

5.1) Status of 2014 Water Rate Study. (General Manager LaMoreaux)

Finance Manager Williams stated that the Water Rate Study brochure, which includes public outreach meeting information, is scheduled to be mailed to the District's customers this week; that the first draft of the Water Rate Study is under review, and moderate, consistent rate increases are anticipated; that a Board Workshop to review the results of the Water Rate Study is scheduled for July 16; that the Water Rate Study will be presented to the full Board for consideration at the July 23 regular Board meeting; and that the public hearing for adoption of the new water rates will be scheduled for September 10 followed by discussion of the need to consistently raise rates and keeping the City of Palmdale informed of the Water Rate Study recommendations.

He then stated that the Rate Assistance Program will be presented at the next Committee meeting for consideration and that staff anticipates presenting draft budget information to the Committee after the completion of the Water Rate Study.

General Manager LaMoreaux then stated that the State Auditor's report regarding Antelope Valley Water Rates will be released July 8 and that staff has reviewed and commented on the State Auditor's recommendations.

He then reviewed the Proposition 218 process.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

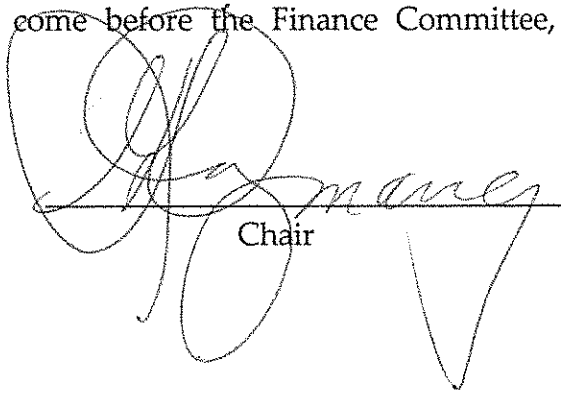
It was stated that "Consideration and possible action on Rate Assistance Program" will be placed on the next agenda for consideration.

There were no further requests for future agenda items.

It was then stated that the next Finance Committee meeting will be held August 4, 2014 at 11:00 a.m.

7) Adjournment.

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



Chair