MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 6, 2014:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, October 6, 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	Mike Williams, Finance Manager
Vincent Dino, Committee Member	Gene Taylor, Customer Service Supervisor
	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 September 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 September 3, 2014, as written.

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

Finance Manager Williams reviewed the investment funds and cash flow reports as of August 31, 2014 and overall cash increase due to assessments and lower than expected expenses and stated that the September bond payment has been made.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for August 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 August 31, 2014, along with the graphic presentations for these reports, and then stated that some departments are above the targeted expenditure percentage of 66%, but no expenditures are out of the ordinary followed by discussion of reduced water sales and electricity charges.

4.4) 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, including those projects contractually committed, budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds and stated that some projects may carry over to 2015; that the upcoming meter replacement project will be bid under the Project Labor Agreement; and that staff anticipates an award of contract for a water main replacement project later this month followed by discussion of the status of the Littlerock Sediment Removal Project and the Upper Amargosa Recharge Project.

4.5) Discussion of a Level Pay Plan. (Finance Manager Williams)

Finance Manager Williams reviewed previously presented information on a Level Pay Plan, and after a brief discussion of the District's cost to implement a Level Pay Plan, of previous customer interest, of sharing the implementation cost among all ratepayers, of marketing, and of changes to the rate structure, it was determined that this item be tabled until June, 2015 for potential implementation in 2016.

4.6) Discussion on the Procedure to Refund/Credit Customers Who Paid for the Downsizing of Their Meters in 2014 Under Article 8.06(a) of the District's Rules and Regulations. (General Manager LaMoreaux)

General Manager LaMoreaux stated that fourteen customers paid to downsize their meter in 2014 under Article 8.06(a) of the District's Rules and Regulations and that he recommends the District refund a portion of this cost, which amounts to $439.50 for all

fourteen customers, due to the recently approved rate structure change after which the Committee concurred with this recommendation and stated they appreciate staff's efforts to address this issue.

5) Information Items.

5.1) Status of 2015 Budget. (Finance Manager Williams)

Senior Accountant Hoffmeyer stated that the draft 2015 budget includes a 5.5% rate increase, funding for 85 of the District's 86 positions, cost of living and merit and non-cumulative merit awards, averaging of departmental costs for budget projections with the exception of electricity and chemical costs, shifting all conferences under the Human Resources Department, and the transfer of facility-related expenses to the Facilities Department and then reviewed potential grant funds, the required debt service coverage for meeting bond obligations, and the adjustment to Water Quality Fees. After a further discussion of the 2015 budget, he stated that General Manager LaMoreaux will refine the list of potential projects to reduce budget costs.

5.2) Comparison of Fees and Charges for Similar-Sized Water Districts. (Finance Manager Williams)

Finance Manager Williams reviewed the Comparison of Water Districts Charges chart previously presented to the Board and the variety of other agency's charges, and after a brief discussion of the District's Miscellaneous Charges, staff was directed to match charges with other agencies as best as possible for a comparison.

5.3) Other.

There were no additional 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 will be held November 3, 2014 at 10:30 a.m.

7) Adjournment.

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

Gloria A. Lisman
Chair