**MINUTES OF SPECIAL MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 15, 2016:**

*A special meeting of the Finance Committee of the Palmdale Water District was held Tuesday, November 15, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:07 p.m.*

**1) Roll Call.**

| **Attendance:** | **Others Present:** |
|---|---|
| Finance Committee: | Dennis LaMoreaux, General Manager |
| Marco Henriquez, Chair | Matt Knudson, Assistant General Manager |
| Robert Alvarado, Committee Member | Vincent Dino, PWD Director |
| | Mike Williams, Finance Manager |
| | Mike McNutt, Public Affairs & Sustainability Dir. |
| | Bob Egan, Financial Advisor |
| | Dennis Hoffmeyer, Accounting Supervisor |
| | Dawn Deans, Executive Assistant |
| | 0 members of the public |

**2) Adoption of Agenda.**

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

Chair Henriquez acknowledged the attendance of Director Dino at the meeting.

**3) Public Comments.**

There were no public comments.

**4) Action Items:**

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held November 7, 2016.**

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried to approve the minutes of the Finance Committee meeting held November 7, 2016, as written.

**4.2) Discussion and Review of Draft 2017 Budget. (Finance Manager Williams)**

Finance Manager Williams stated that water sales for the 2017 Budget are projected to be 18,000 acre feet; that additional capital improvement fees and staff's recommended reductions have been included in the draft 2017 Budget; and then reviewed budget footnotes and the five-year cash flow allowing for $1.3 million in infrastructure projects with a projected year-end balance of $10,200,000 for 2017 followed by discussion of GAC contactors, the reduction in the Water Quality Fee, GASB 45, the cap on employee benefits to control costs and employee out of pocket expenses, employees paying retirement costs based on cost of living adjustments and newer employees paying their entire retirement costs, and the 5.04% Southern California Edison Company rate increase and Southern California Gas Company 3.7% rate increase.

He then provided an overview of staff's recommended department budget reductions followed by discussion of savings in electronic payment fees, reduced consultant fees, not filling recommended positions, staff reductions from 89 to 83 employees, increases and decreases in personnel line items due to organizational changes, reducing cell phone stipends, obtaining interns through the workforce program rather than a District-funded internship program, increased workers compensation costs, employee appreciation events, and technology mobility increases.

He then stated that staff's overall 2017 budget reductions amount to $575,000.00 allowing for infrastructure investments for carry-over and new projects of $2 million with a projected year-end balance of $10.2 million after which Financial Advisor Egan stated that staff's recommendations allow for a balanced budget.

Chair Henriquez then requested staff prepare a summary 2016/2017 comparison of salaries, positions moved between departments, and positions not being filled for presentation of the budget to the full Board.

Succession planning, revisiting unfilled positions on a quarterly basis, annual tank maintenance, billing notices, the new billing software, and changes to Director benefits were then discussed after which Financial Advisor Egan stated that increases in any area of the budget will result in a decrease of funds available for infrastructure projects.

It was then determined that the draft 2017 budget be presented to the full Board for consideration at the Special Budget Meeting.

**5) Information Items.**

**5.1) Other.**

There were no other information items.

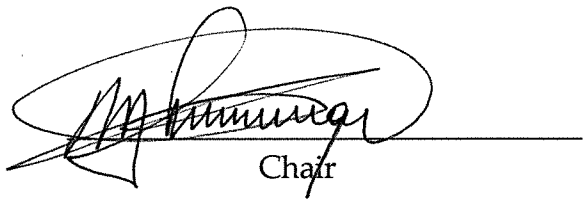
**6) Board Members' Requests for Future Agenda Items.**

Chair Henriquez requested future agenda items for "Consideration and possible action on District policy regarding landlord/tenant responsibility for water bills" and "Consideration and possible action on reducing funds available for the Rate Assistance Program to offer additional assistance under the Cash for Grass Program."

There were no further requests for future agenda items.

**7) Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:46 p.m.



Chair