MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, SEPTEMBER 25, 2017:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, September 25, 2017, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:30 p.m.

1) Roll Call.

Attendance:	**Others Present:**
Finance Committee:	Mike Williams, Finance Manager
Marco Henriquez, Chair	Judy Shay, Public Affairs Director
Robert Alvarado, Committee Member	Carey Louey, Construction Supervisor
	Bob Egan, Financial Advisor
	Danielle Henry, Administrative Assistant
	0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments on Non-Agenda Items.

There were no public comments on non-agenda items.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held August 17, 2017.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held August 17, 2017, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of July, 2017. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of July, 2017 including assessments received, interest income, capital improvement fees, and remaining 2013A Water Revenue Bond funds and then provided an overview of the cash flow statement including actual assessments and higher than budgeted capital improvement fees received, State Water Project fixed fees, and projected 2017 year-end cash followed by discussion of repayment of capital improvement funds to the general fund, potential new construction in the area, and carry-over projects for 2018.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for July, 2017. (Finance Manager Williams)

Finance Manager Williams reviewed in detail 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, 2017 and stated that most departments are operating at or below the targeted expenditure percentage of 58% followed by discussion of increased water sales and the elimination of the Drought Surcharge Fee.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Finance Manager Williams)

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2017 capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, available funding sources, and remaining Water Revenue Bond Series 2013A funds and payments to date.

4.5) Discussion of Quotations to Repair/Paint Exterior of Headquarters Building Due to Age and 100 Year Anniversary Events. (Chair Henriquez/Facilities Manager Moore)

Construction Supervisor Louey stated that the bid received to repair and paint the exterior of the headquarters building is $30,900.00, with paint alone being $18,000.00 followed by discussion of these amounts and including this amount in the 2018 Budget, and staff was directed to obtain additional quotations for this work.

4.6) Discussion of Presenting Detailed Financial Information to the Full Board on a Quarterly Rather Than Monthly Basis. (Chair Henriquez)

Chair Henriquez and General Manager LaMoreaux suggest detailed financial reports be presented to the full Board on a quarterly basis, as has been done in the past, and these reports be presented monthly to the Finance Committee. After a brief discussion of the routine nature of the financial reports, Committee Member Alvarado concurred with this suggestion but recommended financial reports be presented to the full Board every other month through the end of 2017 due to upcoming Budget and Strategic Plan discussions with September, 2017 reports to be presented in November, 2017.

It was then determined that quarterly financial reports will be made to the full Board with the March, 2018 reports.

4.7) Discussion and Evaluation of Key Points and Inclusion Items for 2018 Budget. (Chair Henriquez/Finance Manager Williams)

Finance Manager Williams reviewed the 2018 draft budget summary, including all funded positions, the Assistant General Manager position, the Safety and Training position, the healthcare cap, increased healthcare costs, COLA, sick/vacation sellbacks in January and July, merit and salary increases, and CalPERS unfunded liability.

Committee Member Alvarado then requested the budget amount for Directors be increased to 2016 amounts to allow for conference attendance and healthcare costs.

Finance Manager Williams then stated that managers have not yet submitted departmental 2018 budgets; that a more refined draft of the 2018 Budget will be presented at the next Finance Committee meeting; and then reviewed projected revenue for 2018.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Financial Advisor Egan stated that the Debt Service Coverage for the period of August, 2016 through July, 2017 is 1.48 and meets the required Debt Service Coverage.

5.2) Other.

Construction Supervisor Louey informed the Committee that the cost of 15 signs for Palmdale Ditch is $1,900.00, and after a brief discussion, the Committee requested additional quotations be obtained.

Construction Supervisor Louey then informed the Committee that the cost of 90 No Trespassing signs at well sites is $5,407.00, and after a brief discussion, the Committee requested additional quotations be obtained.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

It was stated that "Discussion of the cost of signs for Palmdale Ditch" and "Discussion of the cost of signs for well sites" will be placed on the next agenda.

Chair Henriquez requested "Discussion of capital improvement funds owed to the District's general fund" be placed on the next agenda for an update.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held October 23, 2017 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:16 p.m.

Chair