MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 3, 2014:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, March 3, 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:
Finance Committee:
Gloria Dizmang, Chair
Vincent Dino, Committee Member

Others Present:
Dennis LaMoreaux, General Manager
Robert Alvarado, PWD Director
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Dennis Hoffmeyer, Senior Accountant
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
3 members of the public

2) **Adoption of Agenda.**

Chair Dizmang stated that it has been requested to consider Agenda Item No. 5 after Agenda Item No. 4.1 after which it was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to adopt the agenda, as amended.

3) **Public Comments.**

Mr. Ralph Velador, of the Laborers Union, challenged the Committee to do the right thing for the community and constituents of the District by negotiating a Community Workforce Agreement with the Building and Trades for the District's projects.

Chair Dizmang then requested a copy of the Community Workforce Agreement followed by discussion of other agencies who use these types of Agreements.

There were no further public comments.

4) **Action Items:**

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held February 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 February 3, 2014, as written.

5) Information Items.

Mr. Paul Kaymark, of Charles Z. Fedak & Company, distributed and reviewed their Opening Informational Letter for their audit process, reviewed the next steps, and stated that they hope to deliver the final financial statements, management letter, and closing letter at an April Board meeting.

5.1) Status on Development of a Financial Calendar. (General Manager LaMoreaux)

General Manager LaMoreaux distributed a draft Financial Calendar and stated that staff will continue adding to the Financial Calendar followed by discussion of the distribution of the Request for Proposals for the rate process.

Finance Manager Williams then reported that all information has been provided to the State Auditors for their audit of the District after which General Manager LaMoreaux stated that the District will have an opportunity to review the draft audit prior to publication.

Finance Manager Williams then reported that the IVR phone system is anticipated to be on line next week and that the payment kiosk will be delivered in approximately three weeks.

There were no further information items.

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

Financial Advisor Egan reviewed the investment funds and cash flow reports as of January 31, 2014, including the expected decrease in cash due to carry-over payables and planned assessments received, and then provided an overview of the market value of the District's investments and the balance of the bond funds.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for January 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 January 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 8.3% or less and then reviewed in detail the line items over budget in each of these departments.

The progress on meter replacement projects was then discussed.

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

Assistant General Manager Knudson reviewed payments for projects funded from the Water Revenue Series 2013A Bonds and the engineering projects included in the Committed Contracts and Payout Schedule.

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 reviewed Appendix M of the District's Rules and Regulations followed by discussion of the requirements for local vendors and contractors.

Mr. Velador then, again, challenged the Committee to do the right thing for the community and constituents of the District and put local workers to work through the negotiation of a Community Workforce Agreement with the Building and Trades for the District's projects followed by discussion of local companies qualified to perform District contracts and certifications of Laborers Union workers.

General Manager LaMoreaux then reviewed the intent of the District's policy to obtain the most work for the dollar for all District ratepayers, of an upcoming meeting with Building and Trades, and of staff's efforts to collect facts on all contracted jobs since 1994 to statistically review how projects were awarded.

Chair Dizmang then requested Mr. Velador provide the Committee with cost savings with and without a Community Workforce Agreement after which it was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to table this item to the next Committee meeting.

4.6) Discussion and Review of Grant Writing Services. (General Manager LaMoreaux)

General Manager LaMoreaux stated that based on discussions with The Mathis Group, he recommends this item be placed on hold until the Strategic Plan process and organizational changes are reviewed after which Chair Dizmang stated that this item is tabled to the next meeting.

4.7) Review of Walnut Valley Water District Low Income Assistance Program. (Finance Manager Williams)

Finance Manager Williams reviewed Walnut Valley Water District's Low Income Assistance Program along with staff's recommendations for revisions if a similar program is adopted for the District, and after a brief discussion of funds for a Low Income Assistance Program being provided through the District's leased property agreements and of income verification methods, the Committee concurred with staff's recommendations and directed staff to proceed with the development of a Low Income Assistance Program.

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 April 7, 2014 at 9:30 a.m.

7) Adjournment.

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

Gloria A. Dizmang
Chair