

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 17, 2021:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, March 17, 2021, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 3:00 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Gloria Dizmang, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Mike Williams, Finance Manager

Judy Shay, Public Affairs Director

Dennis Hoffmeyer, Accounting Spvsr.

Bob Egan, Financial Advisor

Dawn Deans, Executive Assistant

0 members of the public

2) Adoption of Agenda.

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

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held November 19, 2020.

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held November 19, 2020.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of December 2020 and as of February 2021. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the 2020 4th Quarter Major Account Activity Report and September, November, and December 2020 Investment Funds Report, including assessments received, interest, and transfers to the Rate Stabilization Fund; the January to February 2021 Major Account Activity Report and February 2021 Investment Funds Report, including assessments received, interest earnings, and capital improvement funds received; and the January and February 2021 Cash Flow Statement, including the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for December 2020. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement and trends, quarter to quarter comparisons, and revenue and expense analysis reports for the period ending December 2020 and stated that most departments are operating at or below the targeted expenditure percentage of 100% with the exception of Administration District-wide due to increased costs from COVID-19, consulting costs, and membership costs approved mid-year; Facilities due to overruns in personnel costs and electricity costs for wells and boosters; and Customer Care due to under-budgeting for health insurance costs followed by discussion of budgeted personnel costs, the District's positive cash flow position, healthcare costs for employees, bank charges, accounting services, computer software support, CalPERS and the 457 Plan, and the Water Use Efficiency Department's Education Program.

4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Williams)

Finance Manager Williams provided an overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures through the last quarter of 2020, and the payout summary for the Water Revenue Bond Series 2018A through February 2021.

5) Reports.

5.1) Finance Manager Williams:

a) Effect of COVID-19 Event.

Finance Manager Williams stated that due to COVID-19 events, as of December 31, 2020, there were 1,534 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$764,226 compared to 1,446 accounts at November 30, 2020 with an outstanding balance of \$660,409 and 287 accounts at December 31, 2019 with an outstanding balance of \$80,213 and that cash received for December 2020 was \$307,381 less than November 2020 but \$16,696 higher than December 2019.

b) Revenue Projections.

He then stated that 2020 revenue is ahead of projections by approximately \$1.2 million.

c) Payment Transactions by Type.

He then stated that there is a 12,000 reduction in total payments for 2020 compared to 2019 but a 25,000 increase in electronic payments compared to 2019.

d) Accounts Receivable Aging Report September 30, 2020.

He then stated that receivables at December 31, 2020 are approximately \$600,000 higher than December 31, 2019, but there is an increase in 60-day delinquencies of approximately \$340,000 compared to 2019.

e) Rate Assistance Program.

He then stated that as of December 31, 2020, there were 751 participants in the Rate Assistance Program with 406 seniors, 9 veterans, and 336 low income and that there has been a good response for 2021.

f) Billing & Collection Statistics.

He then stated that through November 2020, there is a slight increase in the number of bills issued but a slight decrease in notices mailed compared to December 2019.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that this report is not yet available and that the Cash Flow Statement and Debt Service Coverage reports for December 2020 will be provided prior to the March 22, 2021 Regular Board Meeting.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

Finance Manager Williams then reported that work on the 2020 Audit is tentatively scheduled to begin April 5, 2021 and will be conducted primarily virtually.

He then stated that this is the third year of the auditor's three-year agreement, and he will prepare a Request for Proposals for auditing services for 2021, 2022, and 2023.

He then stated that the 2019 Rate Study included \$30 million in capital improvement projects with \$20 million in projects to be paid for through bonds; that the District's bond advisors recommend a \$10 million bond be pursued in 2021, and a second \$10 million bond be pursued in 2023; and that a Reimbursement Resolution to prepare for these projects will be presented for consideration at the April 26, 2021 Regular Board Meeting, along with a financing plan for issuing the debt, with final bond documents presented for consideration at the May 24, 2021 Regular Board Meeting.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee meeting will be held April 21, 2021 at 3:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:57 p.m.


Chair